

220115
D# 23-60049

LEASE AGREEMENT

DATED AS OF 10/19, 1990

BETWEEN

THE COMMONWEALTH OF PENNSYLVANIA,

ACTING BY AND THROUGH THE

DEPARTMENT OF TRANSPORTATION,

AS LANDLORD,

AND

THE PHILADELPHIA PARKING AUTHORITY,

AS TENANT

FOR PREMISES

PHILADELPHIA, PENNSYLVANIA

INDEX

<u>Article</u>		<u>Page</u>
ARTICLE 1	DEMISE; PROPERTY; TERM; RENT	
Section 1.01	Demise and Premises.....	5
Section 1.02	Term.....	7
Section 1.03	Rent.....	8
Section 1.04	Additional Rent; Additional Contingent Rent.....	12
Section 1.05	Late Payment of Rent.....	13
Section 1.06	Books and Accounting.....	13
ARTICLE 2	USE	
Section 2.01	Authorized Use.....	15
Section 2.02	Restrictions.....	17
ARTICLE 3	DEVELOPMENT APPROVALS	
Section 3.01	Development Approval.....	19
Section 3.02	Environmental Impact Statement; The Pennsylvania Historical and Museum Commission.....	21
ARTICLE 4	IMPOSITIONS AND PAYMENT THEREOF	
Section 4.01	Real Estate Taxes.....	22
Section 4.02	Taxes Not Payable By Authority.....	25
Section 4.03	Water and Sewer Rent and Other Utilities.....	26
Section 4.04	Evidence of Payment.....	27
Section 4.05	Forwarding of Bills.....	27
Section 4.06	Apportionment of Impositions.....	27
ARTICLE 5	CONSTRUCTION OF IMPROVEMENTS	
Section 5.01	Authority's Duty to Construct Improvements.....	28
Section 5.02	Construction Schedule.....	32
Section 5.03	Changes, Alterations and Additional Construction.....	32
Section 5.04	Manner of Completion.....	33
Section 5.05	Title to Improvements and Alterations.....	33
Section 5.06	Commonwealth's Right to Inspect.....	34
Section 5.07	Affirmative Action.....	36
Section 5.08	Plan Approvals.....	37

ARTICLE 6

SURRENDER

Section 6.01	Delivery of Possession.....	37
Section 6.02	Removal of Personal Property.....	38
Section 6.03	Retention of Personal Property.....	38
Section 6.04	Survival.....	39

ARTICLE 7

INSURANCE AND INDEMNIFICATION

Section 7.01	Insurance During Construction.....	39
Section 7.02	Casualty Insurance.....	39
Section 7.03	Other Insurance.....	40
Section 7.04	Insurers.....	41
Section 7.05	Insureds.....	41
Section 7.06	Blanket Insurance Policies.....	42
Section 7.07	Notice of Cancellation.....	42
Section 7.08	Availability of Insurance.....	43
Section 7.09	Indemnification of Commonwealth and FHWA.....	43

ARTICLE 8

REPAIRS AND MAINTENANCE

Section 8.01	Repairs to Demised Premises and Improvements.....	45
Section 8.02	Trash Removal.....	45
Section 8.03	No Obligation of Commonwealth to Make Repairs.....	46

ARTICLE 9

COMPLIANCE WITH LAWS, ORDINANCES, ETC.

Section 9.01	Compliance with Laws.....	46
Section 9.02	Compliance with Insurance Requirements.....	47
Section 9.03	Compliance with Restrictions.....	47
Section 9.04	Contest by Authority.....	47
Section 9.05	Permits.....	48

ARTICLE 10

DEFAULT BY AUTHORITY

Section 10.01	Event of Default.....	48
Section 10.02	Commonwealth's Remedies for Authority's Default.....	50
Section 10.03	Force Majeure.....	53
Section 10.04	Remedies Not Exclusive.....	54
Section 10.05	Waiver of Performance.....	54
Section 10.06	Notices to Leasehold Mortgagees and Sublessees.....	54

ARTICLE 11	DAMAGE AND DESTRUCTION	
Section 11.01	Damage by Fire, Etc.....	58
Section 11.02	Application of Insurance Proceeds.....	59
Section 11.03	Abatement of Rent.....	59
ARTICLE 12	CONDEMNATION	
Section 12.01	Total Taking.....	61
Section 12.02	Apportionment of Award on Total Taking.....	61
Section 12.03	Partial Taking.....	62
Section 12.04	Reconstruction.....	63
Section 12.05	Apportionment of Award on Partial Taking.....	63
Section 12.06	Temporary Taking.....	64
Section 12.07	Depository of Authority's Award.....	65
Section 12.08	Settlement Agreement.....	65
ARTICLE 13	ASSIGNMENT, SUBLETTING AND MORTGAGING	
Section 13.01	Termination of Authority's Existence.....	66
Section 13.02	Assignment or Other Transfer of Lease.....	66
Section 13.03	Subletting.....	67
Section 13.04	Non-Disturbance Agreement.....	67
Section 13.05	Mortgages.....	68
Section 13.06	Delivery of New Lease.....	71
ARTICLE 14	ARBITRATION	
Section 14.01	Arbitration.....	74
Section 14.02	Self-Help.....	74
ARTICLE 15	NOTICES	
Section 15.01	Notices.....	74
Section 15.02	Approval, Etc.....	77
ARTICLE 16	QUIET ENJOYMENT	
Section 16.01	Quiet Enjoyment.....	77
Section 16.02	Other Remedies.....	77

ARTICLE 17	SUCCESSORS AND ASSIGNMENTS OF THE PARTIES; CONTROLLING LAW	
Section 17.01	Successors.....	78
Section 17.02	Assignment by Developer.....	78
Section 17.03	Controlling Law.....	79
ARTICLE 18	ESTOPPEL CERTIFICATES	
Section 18.01	Authority's Estoppel.....	79
Section 18.02	Commonwealth's Estoppel.....	80
ARTICLE 19	MISCELLANEOUS PROVISIONS	
Section 19.01	Integration.....	81
Section 19.02	Severability.....	81
Section 19.03	Counterparts.....	82
Section 19.04	Headings.....	82
Section 19.05	Interpretation.....	82
Section 19.06	Successors and Assigns.....	82
Section 19.07	Relationship of Parties.....	82
Section 19.08	Definitions.....	83
Section 19.09	Integrity.....	83
Section 19.10	Approval of Commonwealth.....	83
Section 19.11	Further Assurances.....	83
Section 19.12	Public Facilities Concession Regulation Act.....	84
ARTICLE 20	TITLE	
Section 20.01	Title.....	84
ARTICLE 21	COVENANT OF AUTHORITY	
Section 21.01	Covenant of Authority.....	85

EXHIBITS

- Exhibit A - Site Plan and Legal Description of Demised Premises
 - Exhibit B - Site Plan and Legal Description of Easement Areas
 - Exhibit C - [Intentionally Omitted]
 - Exhibit D - Permitted Exceptions
 - Exhibit E - Memorandum of Lease
 - Exhibit F - Site Plan of Portion of Vine Street Expressway
Adjacent to Demised Premises
 - Exhibit G - Approved Plan
 - Exhibit H - Affirmative Action Requirements
 - Exhibit I - Commonwealth's Integrity Provisions
- Appendix I - Definitions

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease"), made as of this _____ day of _____, 19__, between the COMMONWEALTH OF PENNSYLVANIA, acting through the DEPARTMENT OF TRANSPORTATION ("Commonwealth"), of the one part, and THE PHILADELPHIA PARKING AUTHORITY, a body corporate and politic ("Authority"), of the other part.

W I T N E S S E T H T H A T :

WHEREAS, Commonwealth owns in fee simple a portion of the right-of-way of Vine Street (State Route 67045, Section 9A), located between 15th and 16th Streets, and Vine Street and Spring Street, Philadelphia, Pennsylvania, as shown on the site plan attached hereto and made a part hereof as Exhibit A, (the "Property"). Promptly after execution hereof, Authority shall use its best efforts, in cooperation with Commonwealth, to obtain a legal description of the Property, and the same shall be attached to Exhibit A and form a part hereof; and

WHEREAS, Commonwealth has undertaken the expansion and reconstruction of the Vine Street Expressway with the approval of the United States Department of Transportation, which is providing a portion of the funding for the Vine Street Expressway project; and

WHEREAS, Commonwealth has received approval of the final Environmental Impact Statement for the Vine Street

Expressway project, which contemplates the construction of a parking garage on the Property; and

WHEREAS, the construction of a public parking garage is important to Commonwealth and Authority because a public parking garage will:

(A) Help mitigate the loss of existing surface parking resulting from the construction of the Vine Street Expressway;

(B) Serve as a "collector" garage at the northern edge of Philadelphia's Central Business District, thereby minimizing traffic congestion and air pollution in the downtown area;

(C) Provide off-street parking for the general public and for individuals using the Vine Street Expressway and visiting institutions and business in the FranklinTown area and along the Vine Street corridor; and

WHEREAS, Commonwealth and Authority entered into an Agreement dated January 17, 1984, effective as of November 1, 1983 (the "Reimbursement Agreement") which provided that Commonwealth would acquire residual fee interests in certain parcels comprising the Property in which Commonwealth had an easement interest only and that Authority would reimburse Commonwealth for certain costs related to such acquisition; and

WHEREAS, the Property is not now required for the free movement of traffic; and

WHEREAS, Commonwealth agreed in the Reimbursement Agreement to enter into a long-term lease of the Property to

Authority that would allow for the financing, construction and operation by Authority of a multi-level garage with the potential for future additional development of the Property; and

WHEREAS, Authority and Commonwealth acknowledge that the use of the Property is subject to the provisions of Title 23, Code of Federal Regulations, § 713.201-205, as amended, which contains Federal Highway Administration (hereinafter "FHWA") regulations relating to the management of airspace on Federal-aid highway systems for non-highway purposes; and

WHEREAS, Authority determined that it would publicly seek proposals from potential developers for possible uses of the Property in order to secure the greatest benefit to the public and to establish a fair competitive basis for the right to use the space above, under and through the proposed parking facility; and

WHEREAS, Authority issued its Request for Proposals and Guidelines on January 6, 1988, as amended and supplemented by Addenda No. 1, No. 2, No. 3 and No. 4, seeking proposals for the joint development of the Property, which stated that a primary use of the Property would be a multi-level parking garage to function as an interceptor facility at the 15th and Vine Streets interchange; and

WHEREAS, Authority is undertaking this Project (as hereinafter defined) as part of its mandate to establish a

coordinated system of off-street parking to meet the public's needs in relation to parking; and

WHEREAS, the Board of Authority has selected Realen Properties, Inc., managing general partner of Philadelphia Gateway Associates, ("Developer") to be the developer of the Property; and

WHEREAS, Authority and Developer intend to improve the Property by constructing thereon a multi-level parking garage and constructing certain other improvements over, on, under and through the Property that may include a multi-level office building with approximately 1,000,000 square feet of office space and a multi-level hotel building with approximately 400 rooms, underground storage, retail and commercial areas, tunnels and bridges connecting to adjacent properties (subject to obtaining such other easements, approvals, permits and rights from Commonwealth and such other governmental and regulatory authorities as may be required in order to construct and maintain said tunnels and bridges), and such other ancillary and additional or different improvements as may be determined by Authority and as may be developed in accordance with this Lease (collectively, as the same shall develop, the "Project"); and

WHEREAS, Authority and Developer have entered into an agreement dated July 18, 1988 (the "Development Agreement") in connection with the development of the Property and the

construction, operation and maintenance of the Improvements (as hereinafter defined).

Commonwealth and Authority do hereby mutually covenant, promise and agree as follows:

ARTICLE 1

DEMISE; PROPERTY; TERM; RENT

1.01. Demise and Premises.

(a) Commonwealth does hereby demise and let unto Authority, and Authority does lease and take from Commonwealth, for the term and upon the covenants, terms and conditions hereinafter set forth:

ALL THAT CERTAIN tract or parcel of ground situate in the City of Philadelphia, Pennsylvania, as shown on the site plan attached as Exhibit A, and as shall be described in the legal description to be attached hereto.

TOGETHER WITH all and singular the appurtenances, rights, privileges, zoning rights and benefits of and appertaining to the Property, and easements unto the aforesaid tract or parcel of ground belonging or in anywise thereto appertaining, and the right to construct, install, replace and maintain the Improvements (as hereinafter defined) and all appurtenances thereto and maintain on, under, through, and over the Property, subject, however, to rights reserved unto Commonwealth to terminate the demise with respect to those areas

of the Property as shown on the site plan attached hereto and made a part hereof as Exhibit B ("Easement Areas"), in accordance with the provisions of Section 1.02(b). Promptly after execution hereof, Authority shall use its best efforts, in cooperation with Commonwealth, to obtain legal descriptions of the Easement Areas, and the same shall be attached to Exhibit B and form a part hereof.

TOGETHER WITH the buildings and improvements now or hereafter constructed or existing under, upon or over the Property and all real and personal property and fixtures and all additions, renewals, extensions, and alterations, in accordance with the terms of this Lease (collectively, the "Improvements"). The aforesaid tract or parcel of ground and said appurtenances, rights, privileges, easements and Improvements are herein collectively called the "Demised Premises".

UNDER AND SUBJECT, NEVERTHELESS, to the covenants, easements and restrictions of record set forth in Exhibit D attached hereto and made a part hereof (the "Permitted Exceptions").

(b) Commonwealth hereby represents and warrants that it is the owner in fee simple of the Demised Premises, subject only to the Permitted Exceptions, and that it has lawful possession thereof. To the extent that Authority objects to any of the covenants, easements or other restrictions affecting the Demised Premises, Commonwealth, at Authority's sole cost and

expense, will cooperate with Authority and, to the extent possible, with Authority undertake to remove such restrictions or otherwise to ensure that such restrictions shall not interfere with the development, use and maintenance of the Improvements.

1.02. Term.

(a) The term of this Lease (the "Term") shall commence as of the day and year first above written (the "Commencement Date") and shall expire ninety-nine (99) years after the Commencement Date (the "Expiration Date"), unless extended pursuant to any agreement or agreements hereinafter entered into or unless sooner terminated as provided herein. Contemporaneously with the execution and delivery of this Lease, the parties shall execute a Memorandum of Lease, in recordable form, substantially as that attached hereto and made a part hereof as Exhibit E.

(b) If Commonwealth determines that all or any portion of the Easement Areas are required by Commonwealth for highway traffic purposes and/or pedestrian uses associated therewith, Commonwealth may terminate this Lease with respect to such portion of the Easement Areas upon not less than one (1) year's and no greater than two (2) years' prior written notice to Authority and Sublessee of its intent to terminate. After Commonwealth provides the notice of intent to terminate, Authority shall retain its right to possession of the Easement Areas until Commonwealth exercises its right to possession by the

giving to Authority and Sublessee of sixty (60) days prior written notice to vacate the applicable portions of the Easement Areas. The notice to vacate shall set forth whether Authority shall be required to remove any improvements constructed thereon by Authority. The notice to vacate shall not require Authority to deliver possession prior to the expiration of the period set forth in the notice of intent to terminate. In the event Commonwealth exercises its right to terminate provided in this Section 1.02(b), Commonwealth (i) shall use the Easement Areas so repossessed exclusively for highway and traffic purposes and pedestrian uses associated therewith, and (ii) shall not use said Easement Areas for storage, except such storage as is incidental to the construction of said improvements. In the event of any termination pursuant to the provisions set forth herein, Authority shall not be entitled to any abatement of rent or other costs, expenses or charges otherwise due to Commonwealth.

(c) If Authority shall hold over after the expiration of the Term, such tenancy shall be from month to month on all terms, covenants and conditions of this Lease in effect immediately preceding such holding over.

(d) This Lease and the occupancy by Authority pursuant to this Lease shall not be deemed or construed to vest fee simple ownership of the Property in Authority.

1.03. Rent. Authority shall pay to Commonwealth annual rent for the Demised Premises, without prior notice or

demand, in accordance with the following provisions. Except as set forth in this Section 1.03, annual rent shall be the greater of (i) Minimum Rent (as hereinafter defined) or (ii) fifty percent (50%) of the Authority's Revenues ("Percentage Rent"). Percentage Rent shall begin to accrue on the first day of the calendar month following the Garage Completion Date (the "Percentage Rent Commencement Date") and Authority acknowledges that Percentage Rent may be payable with respect to the first year following the Garage Completion Date. Prior to the Percentage Rent Commencement Date no rent (other than Additional Contingent Rent, as hereinafter defined) shall begin to accrue or be due and owing. Except with respect to the period following the Percentage Rent Commencement Date and the period immediately preceding the end of the Term, each rental period shall consist of a twelve (12) month period beginning on January 1 and ending on December 31.

(a) The total annual minimum rent (the "Minimum Rent") under this Lease is \$750,000 and shall be calculated, due and payable as follows:

(i) From and after the first day of the month immediately following the anniversary of the Garage Completion Date (such date being referred to as "Minimum Rent Commencement Date"), the Minimum Rent shall be \$250,000. This portion of the Minimum Rent includes rent attributable to any subterranean improvements, as well the garage improvement, and is

sometimes referred to as the "Garage Minimum Rent". The Garage Minimum Rent shall be payable monthly in advance in twelve (12) equal installments commencing on the Minimum Rent Commencement Date. Prior to the Minimum Rent Commencement Date no Minimum Rent shall accrue or be due or owing.

(ii) The remaining balance of the total Minimum Rent is allocated to the Additional Improvements on the basis of \$0.33 per each usable square foot up to a maximum of \$500,000 (the "Additional Improvements Minimum Rent"), in accordance with the terms hereof. The applicable Additional Improvements Minimum Rent shall begin to accrue from and after the first day of the month immediately following the anniversary of the completion date of each component of the Additional Improvements, i.e., each of the hotel and/or office tower(s) (each such date being referred to as the "Additional Improvements Completion Date"), and shall be payable annually in arrears. For example, if a hotel with 500,000 square feet of useable space is built, \$165,000 in Additional Improvements Minimum Rent shall be due for that component, payable beginning one year after the Additional Improvements Completion Date for the hotel. Upon completion of all of the Additional Improvements the total Additional Improvements Minimum Rent shall be deemed to be \$500,000, regardless of the amount of useable square feet actually built, provided that, if the Developer shall be unable to build all or any part of the presently contemplated 1,500,000

useable square feet because of zoning or other building restrictions not within the reasonable control of the Developer, the total Additional Improvements Minimum Rent shall be limited to \$0.33 per each usable square foot of Additional Improvements permitted to be built.

(iii) Percentage Rent shall be due and payable in one annual payment within ninety (90) days after the end of each calendar year, or if there is an occurrence of a Capital Event, that portion of Percentage Rent attributed to the Capital Event shall be due and payable within thirty (30) days after receipt by Authority of Authority's Net Proceeds of a Capital Event. Authority shall provide Commonwealth with Authority's payments and a calculation of the amount of rent owed to Commonwealth and shall, in addition, provide Commonwealth with an accounting of the expenses and revenues allocable to the public parking garage, all in accordance with Section 1.06 hereof.

(b) To the extent that any annual rent commences other than on the first day of January, or the Expiration Date shall be other than the last day of December, the rent and any Additional Rent (as hereinafter defined) due for such partial periods shall be prorated accordingly.

(c) Authority shall pay or cause to be paid all rent and any Additional Rent (as hereinafter defined) required to be paid to Commonwealth, without demand, offset or deduction, and free of expenses, charges, diminution or other deductions

whatsoever, by check (subject to collection upon initial presentation) made payable to the order of Commonwealth of Pennsylvania, Department of Transportation, and delivered to the address set forth in Section 15.01, or to such other person and/or at such other place as shall be designated by Commonwealth to Authority by notice given at least thirty (30) days before the respective due dates thereof.

1.04. Additional Rent; Additional Contingent Rent.

(a) From and after the Percentage Rent Commencement Date, and throughout the Term of this Lease, Authority shall also pay when due as additional rent ("Additional Rent") all sums, costs, expenses and other payments which Authority has assumed or agreed to pay or discharge, and, in the event of any nonpayment thereof, Commonwealth shall have all the rights and remedies provided for herein in the event of nonpayment of the rent, it being intended that the annual rent, except as otherwise expressly provided for herein, shall be an absolute net return to Commonwealth throughout the Term of this Lease without offset or deduction and free of expenses, charges, diminution or other deductions whatsoever.

(b) Notwithstanding the provisions of Section 1.03 hereof with respect to the Percentage Rent Commencement Date, Authority shall pay to Commonwealth, as Additional Contingent Rent, one-half (1/2) of all payments

received by it pursuant to subparagraphs (b) and (c) of Section 2.6 of the Development Agreement.

1.05. Late Payment of Rent. Any installment of annual rent, Additional Rent or other sum payable by Authority under this Lease that is not paid within ten (10) days after such is due shall, without demand, bear interest at the rate equal to the interest rate of the most recent issuance of six (6) month United States Treasury Bills outstanding on the date such payment was due and thereafter increasing one percent (1%) per every thirty (30) days that the installment of annual rent or Additional Rent remains unpaid, up to a maximum of six percent (6%) above such Treasury Bill rates.

1.06. Books and Accounting.

(a) Authority shall keep or cause to be kept proper books, records and accounts in which complete and correct entries, consistently applied, shall be made with respect to each transaction of the Project, including all transactions relating to the construction, development, operation and disposal of the Project or components thereof. The books and records shall be maintained separately from any and all other operations of the Sublessee or the Authority.

(b) The Project books and records shall be maintained at the offices of the Sublessee or at the Project. The Project books and records shall be made available to

Commonwealth and FHWA during normal business hours upon reasonable advance notice.

(c) The Project books and records shall be kept on the accrual basis of accounting in accordance with generally accepted accounting principles ("GAAP"), consistently applied. Authority shall provide Commonwealth with a reconciliation of Net Project Revenues and Authority's Proceeds of a Capital Event to GAAP.

(d) Authority will obtain an audit opinion on the financial statements of the Project, from a reputable accounting firm licensed in the Commonwealth of Pennsylvania, for each year that the Project is in existence, which audit opinion shall include assurances that (i) there were no scope limitations imposed by Authority or Sublessee and (ii) there were no departures from GAAP on the portion thereof to which GAAP is applicable. Within 30 days after the opinion date, Authority shall deliver to Commonwealth, a true and correct copy of the annual audit opinion, audited financial statements and related notes to the financial statements. Authority also shall deliver to Commonwealth, within 30 days after the filing date, true and correct copies of the Project's Federal and State tax returns.

(e) Authority shall deliver to Commonwealth, as far in advance of any proposed Capital Event as is reasonably practicable, written notice describing the proposed Capital Event and estimating the anticipated income, expenses, profits and net

proceeds which will arise therefrom. Within 30 days after the occurrence of a Capital Event, Authority shall deliver to Commonwealth a complete and accurate accounting, including an identification of all income and expenses, of said Capital Event. Treatment of the income and expenses shall be consistent with the accounting conventions used for presentation of the Project's financial results of operations in the annual audited financial statements. Books and records used and documentation relied upon to record each Capital Event shall be available to Commonwealth or its representatives during normal business hours upon reasonable advance notice.

ARTICLE 2

USE

2.01. Authorized Use.

(a) Authority shall have the right to use the Demised Premises for the construction, operation and maintenance of the Improvements and for any other lawful use and activities except as otherwise expressly provided herein. Without limitation of the foregoing, Authority shall have the right and is hereby authorized to construct or cause to be constructed on, under and through the Demised Premises a multi-story parking garage, a high-rise office building, retail and commercial areas, a hotel, tunnels and bridges under and over streets connecting to adjacent properties (subject to obtaining such other easements,

approvals, permits and rights from Commonwealth and such other governmental and regulatory authorities as may be required in order to construct and maintain said tunnels and bridges), and such other ancillary loading docks, plaza areas and other improvements as are necessary or desirable for the construction, operation and maintenance of the Improvements and the Project. Authority shall have the right to change the configuration of the Improvements from time to time and to use footings and columns to support new structures, subject, however, to Section 5.01, and the other provisions of this Lease.

(b) Authority may, in its discretion, landscape the Easement Areas and construct temporary improvements thereon, all in a manner so as not to unreasonably impede pedestrian movement on the adjacent sidewalk nor unreasonably interfere with the access to the underground sewer line and other utility lines, if any. Temporary improvements include, by way of example and not limitation, shrubbery, curbing, sidewalks, kiosks and other amenities. Commonwealth shall not be responsible for any damage to the landscaping or other improvements in respect to the Easement Areas resulting from access made to the sewer pipe under any portion of the Easement Areas. Notwithstanding anything to the contrary set forth herein or in this Lease, Commonwealth leases to Authority and Authority shall have the right to use and occupy, in accordance with the terms of this Lease, the air rights starting 16'6" above the Easement Areas.

2.02. Restrictions. Authority covenants and agrees with Commonwealth that:

(a) The Demised Premises shall not be used for the storage or parking of disabled or abandoned or confiscated vehicles, or vehicles used for the transportation or storage of petroleum products or other inflammable or hazardous materials, except as are customarily used in connection with or incidental to the use of the Demised Premises.

(b) The Demised Premises shall not be used in a manner so as to interfere with highway safety or highway integrity. The Improvements shall not encroach upon or overhang the highways or lands, other than the Demised Premises, owned or controlled by Commonwealth without the prior written consent of Commonwealth. Commonwealth may require the removal of trees or other obstructions of the highways or require the redirection of any outdoor lighting that is hazardous to the safety of highway users.

(c) From and after the Garage Completion Date, Authority shall use that portion of the Project for public parking purposes for a minimum of approximately 850 vehicles, and for such other uses permitted by this Lease, and such further uses as may be approved by Commonwealth. As used in this Lease, with respect to the 850 spaces designated for public parking purposes, the phrase "for public parking purposes" shall mean that the parking spaces in the garage shall be available to

members of the general parking public on an equal access basis. The foregoing definition shall not prohibit Developer or Sublessee from designating certain of the public parking spaces as monthly parking spaces provided that such monthly spaces are offered to members of the general parking public.

(d) Any change in the authorized use of the Property shall receive prior approval by Commonwealth subject to the concurrence by FHWA.

(e) The design, occupancy, and use of any structure adjacent to that portion of the Vine Street Expressway abutting the Demised Premises (the "Expressway"), as more fully described in the plan attached hereto and made a part hereof as Exhibit F, shall be such that neither the use, safety, appearance, nor the enjoyment of the Expressway will be adversely affected by lights, sounds, fumes, vapors, odors, or discharges of any kind therefrom, unless otherwise specifically approved in writing by Commonwealth. Without the express written approval of Commonwealth, Authority shall not construct any structure either over or under the Expressway.

(f) Any signs or displays visible from the Expressway shall be restricted to those indicating ownership, Project identification, occupant identification, and type of on-premise activities. Commonwealth agrees to direct traffic from the eastbound and westbound lanes of the Expressway to the

Philadelphia Gateway Interceptor Parking Facility, subject to the rules and regulations of FHWA and Commonwealth.

ARTICLE 3

DEVELOPMENT APPROVALS

3.01. Development Approval.

(a) Following the execution of this Lease, Authority shall take such actions as are necessary to commence construction of the garage. Commonwealth, at the sole cost and expense of Authority, shall cooperate with Authority in the obtaining of all zoning, land-use, building code and other approvals, permits and licenses necessary in order to permit construction and operation of the garage and the other Improvements, including, without limitation, promptly joining in zoning applications, utility agreements, reciprocal easements and the like, when requested by Authority. No joinder or consents by Commonwealth for the purpose of obtaining approvals, authorizations, permits, licenses and consents shall operate or be construed as a consent by Commonwealth for the purpose of filing any lien or making any charge of any kind whatsoever against Commonwealth.

(b) Upon request, Commonwealth will enter into a transfer or sharing agreement, in form and substance mutually satisfactory to the parties, permitting Authority, in connection with the development of the Improvements, to use any unused

allowable gross floor area (as defined in the Philadelphia Zoning Code) of Commonwealth's adjoining properties.

(c) Commonwealth acknowledges and agrees that Authority or Sublessees from time to time may create a condominium or condominiums consisting of some or all of the Property, Demised Premises or the Improvements. With respect to the 850 parking spaces designated for public parking purposes, Authority agrees that it shall not permit the creation of condominiums for individual parking spaces within the garage. Each declaration of condominium shall be subject to Commonwealth approval, which approval shall not be unreasonably withheld or delayed. Commonwealth shall approve or disapprove such declaration of condominium within thirty (30) days after submission, and if it fails to do so within said thirty (30) day period, the declaration shall be deemed approved. Commonwealth consents to the filing of each declaration of condominium approved (or deemed approved) by it with respect to all or any part of the Property, Demised Premises or Improvements, and agrees to be bound by and comply with the requirements of the Pennsylvania Uniform Condominium Act, 68 P.S. § 3101, et seq., as amended from time to time, as such requirements apply to landlords in respect of leasehold and subleasehold condominiums. Commonwealth shall cooperate with Authority and Sublessee in the creation, operation or maintenance of such condominium and shall perform such acts and grant such consents, at the cost of

Authority or Sublessee, as may be necessary in connection therewith.

3.02. Environmental Impact Statement; The Pennsylvania Historical and Museum Commission.

(a) Commonwealth shall take all possible steps to expedite the completion of, and submit for approval by all requisite governmental and regulatory authorities, the reevaluation of the final Environmental Impact Statement ("EIS") relating to this Property concluding that the development contemplated in this Lease causes no significant changes in the human environment. Commonwealth shall work with FHWA and coordinate its efforts with Authority in seeking said approvals. Commonwealth and Authority agree that as of the execution of this Lease the only issue delaying submission of the final EIS is the completion of the archeological study of the Property. Authority agrees that Commonwealth shall not be obligated to incur any costs for any archeological studies or any other reports to complete the EIS with respect to this Project.

(b) Commonwealth covenants and represents that it has notified The Pennsylvania Historical and Museum Commission (the "Commission") in accordance with Section 1047.1(j) of the Historic Preservation Act, 71 P.S. § 1047.1a, et seq., and that it shall cooperate with the Commission and comply with its requirements with respect to the Property and the development of the Project contemplated by this Lease; provided that,

Commonwealth shall not be obligated to incur any costs relating to any archeological investigation required to comply with the Commission's requirements.

ARTICLE 4

IMPOSITIONS AND PAYMENT THEREOF

4.01. Real Estate Taxes. Authority shall pay (except as hereinafter in Section 4.02 hereof provided) all taxes (including, without limiting the generality of the foregoing, ad valorem and use and occupancy taxes), payments in lieu of taxes, assessments, special assessments, water and sewer rents, rates and charges, charges for public utilities, excises, levies, user, license and permit fees and other governmental charges, general or special, ordinary or extraordinary, unforeseen or foreseen, of any kind and nature whatsoever (including all penalties and interest thereon) which at any time during the Term of this Lease may be lawfully assessed, levied, imposed upon, or grow or become due and payable out of or in respect of, the Demised Premises, and the Improvements thereon, or any part thereof or any appurtenance thereto, or any use or occupation of the Demised Premises and the Improvements, and such franchises as may be appurtenant to the use of the Demised Premises and the Improvements or which at any time during the Term hereof may become a lien on the Demised Premises, the Improvements or any part thereof or any appurtenance thereto (all such taxes,

assessments, water and sewer rents, rates and charges, charges for public utilities, excises, levies, user, license and permit fees and franchise taxes and other governmental charges being hereinafter collectively called "Impositions", and any of the same being hereinafter individually called "Imposition"), subject to the provisions of the following subsections.

(a) If, by law, any Imposition, at the option of the taxpayer, may be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Authority may exercise the option to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments and, in such event, shall pay such installments as may become due during the Term of this Lease as the same respectively become due, except that the amount of any installment of any such Imposition which becomes due and payable after the expiration of the Term of this Lease shall be deposited, not less than thirty (30) days before such expiration, with Commonwealth for such payment.

(b) Any Imposition relating to a fiscal period of the taxing authority, a part of which period is included within the Term of this Lease and a part of which falls before or after the expiration of the Term (whether or not said Imposition shall be assessed, levied, confirmed, imposed upon or in respect of or become a lien upon the Demised Premises, or shall become payable, during the Term) shall be adjusted between Commonwealth and

Authority, so that Commonwealth shall pay, if lawfully required, such proportion of said Imposition as relates to periods outside of the Term and Authority shall be responsible for such portion thereof falling within the Term.

(c) Authority shall have the right to contest the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted by Authority in good faith, and Authority may postpone or defer payment of such Imposition if the right or privilege so to do is granted or sanctioned by applicable law, and if the Demised Premises, the Improvements, or any part thereof, shall not, by reason of such postponement or deferment, be subject or liable to forfeiture or loss (or if Authority shall post adequate security therefor). Upon the termination of such proceedings, Authority shall pay such amount of any such Imposition or part thereof as is finally determined in such proceedings, the payment of which, pursuant to the foregoing provisions of this subsection (c), shall have been deferred during the prosecution of such proceedings, together with all costs, fees, interest, penalties or other liabilities in connection therewith. Upon request by Authority, Commonwealth shall execute and deliver any and all such documents or instruments and, subject to the reasonable approval of Commonwealth's counsel, shall take any and all such other action as shall be necessary or proper to permit Authority to bring such proceedings in Authority's name, in the name of Commonwealth, or

in the names of both of them, or otherwise to facilitate the conduct of proceedings by Authority. Authority shall indemnify, defend and save Commonwealth harmless from and against any liability for the payment of all costs or expenses in connection with any such proceedings, including any Imposition associated therewith.

(d) Nothing herein shall be deemed to prohibit or prevent Authority or Sublessee from having the benefit of any and all available tax abatements, credits or exemptions with respect to the Property and/or the Project.

4.02. Taxes Not Payable by Authority. Nothing herein contained shall be construed to require Authority or Commonwealth to pay any tax other than such taxes as are lawfully required to be paid, and the mere recital of any Imposition in Section 4.01 shall not be deemed an affirmation that any such taxes are due and owing by Authority or Commonwealth or a consent to the payment of such Imposition. Authority shall have no liability or obligation with respect to the payment of:

(a) Any income, gross receipts or similar tax assessed on or in respect of income of Commonwealth or chargeable to or payable by Commonwealth; or

(b) Any capital levy, estate, succession, inheritance, transfer, or similar tax assessed or payable by reason of any inheritance, devise or transfer of any estate or property of Commonwealth, including but not limited to any

interest in the Demised Premises, the Improvements or the rent payable hereunder; or

(c) Any corporation or other franchise, license, mercantile or similar tax assessed against or payable by Commonwealth other than with respect to the use or occupancy of the Demised Premises or Improvements by Authority or any Sublessee, licensee or joint venturer of Developer or Authority; except that, if, subsequent to the date this Lease was made, any Imposition shall be levied, assessed or imposed upon or be required to be paid by Commonwealth as a specific substitute for, and in lieu of, one or more of the Impositions otherwise required by Section 4.01 hereof to be paid by Authority; and Authority shall be given notice thereof, the same shall be deemed to be an Imposition payable by Authority as provided in Section 4.01 hereof.

4.03. Water and Sewer Rent and Other Utilities.

Authority shall arrange to be separately billed for and shall pay before any interest or penalty shall accrue thereon all water and sewer rental charges and any connection fees related thereto and all charges for gas, electricity, telephone and communication services and other utility services and all connection fees incurred with respect to any such services used, rendered or consumed upon the Demised Premises and Improvements during the Term hereof.

4.04. Evidence of Payment. Upon request, Authority shall furnish to Commonwealth for inspection within thirty (30) days after the date when any Imposition would become delinquent, a photocopy of the official receipt of the appropriate taxing authority, or, in lieu thereof, other proof satisfactory to Commonwealth evidencing payment of such Imposition.

4.05. Forwarding of Bills. Commonwealth shall promptly, upon receipt of a bill for an Imposition, or notice of assessment, or notice of increase, or other change therein, forward the same to Authority. Authority shall make suitable arrangements with the taxing authorities for the mailing or sending of bills and notices directly to Authority.

4.06. Apportionment of Impositions. In the event during the Term hereof the Demised Premises are not separately assessed but are assessed as part of a larger tract of land, then Authority shall make application to the governmental authorities having jurisdiction to obtain subdivision approval subdividing the Demised Premises from said larger tract, and Authority shall make suitable arrangements with the taxing authorities for separate bills for the Demised Premises and the larger tract.

ARTICLE 5
CONSTRUCTION OF IMPROVEMENTS

5.01. Authority's Duty to Construct Improvements.

(a) Commonwealth hereby grants Authority the right, and Authority hereby undertakes the duty to construct the garage at Authority's sole cost and expense. Commonwealth further grants Authority the right to construct the Project upon the Demised Premises, all at Authority's sole cost and expense.

(b) Authority, at Authority's sole cost and expense, shall promptly commence or cause to be commenced and complete or cause to be completed the design and construction of a multi-story public parking garage. Subject to the provisions of Section 10.03, the parties anticipate that the garage shall be substantially completed no later than twenty-four (24) months after receipt by Authority of all permits (other than the Building Permit, which Authority need only have the right to receive upon the payment of the applicable permit fee), approvals and other authorizations of all federal, state and local agencies and authorities required as a condition to the commencement of construction.

(c) Attached hereto as Exhibit G is a copy of the drawing showing the general design for the use of the Property, approved by FHWA (the "Plan"). Without first obtaining the written approval of Commonwealth, and, if necessary under applicable law or regulations, the FHWA, Authority shall not make

any revision in the Plan (i) adversely affecting the operation or construction of the Expressway, (ii) modifying the location of any exit or entry ramp onto any adjacent street, including, but not limited to, any changes in the points of ingress and egress, both vehicular and pedestrian, (iii) redirecting any outdoor lighting onto the highways, (iv) disturbing the fill and foundation of the Expressway or adjacent streets, or (v) changing the authorized use of the Property. Authority and Sublessee may otherwise alter the Plan without the approval of Commonwealth.

(d) The Improvements shall be constructed so as to comply with zoning, building and other applicable laws and ordinances. Without limitation of the foregoing, the Improvements shall be fire resistant in accordance with the provisions of the local applicable building codes.

(e) Authority understands and expressly agrees that neither the execution of this Lease nor Authority's improvement of the Demised Premises obligates or commits Commonwealth in any manner to start, continue or complete construction of the Vine Street Expressway.

(f) Authority, at Authority's sole cost and expense, shall make applications for all permits and authorizations of all federal, state, county and municipal agencies and authorities having jurisdiction to enable Authority to commence and complete construction of the Improvements. Commonwealth agrees to join, to the extent that such joinder

shall be necessary or desirable, in Authority's applications for zoning and land-use approvals and for all permits and authorizations relating to the construction of the Improvements, provided, however, that Commonwealth shall incur no cost and expense in so doing (or Authority shall reimburse Commonwealth for any costs or expenses so incurred).

(g) In the event Authority shall be delayed in obtaining approvals and permits for causes beyond the reasonable control of Authority, then the time within which Authority shall be obligated to commence and complete construction of the garage or the other Improvements, if any, shall be extended for an additional period equivalent to the amount of delay caused thereby.

(h) From and after the time Authority applies for permits to build the garage, Authority shall have the right but not the obligation to make application for permits and build any or all of the other proposed Improvements.

(i) In the event Authority reasonably determines that it cannot construct all or a portion of the Improvements for any of the reasons set forth in Section 10.03, then Authority shall have the right but not the obligation to terminate this Lease by giving ninety (90) days advance written notice to Commonwealth, setting forth its reasons therefor, whereupon this Lease shall terminate on the date provided in the notice, and neither party shall have any further rights, duties or

obligations hereunder, except as expressly survive the termination of this Lease. In the event Authority exercises the right provided herein to terminate this Lease, Authority shall return the Demised Premises to Commonwealth at the effective date of the termination, in its discretion either (A) in substantially the same condition as when it was leased to Authority, or (B) with any improvements thereon substantially completed as to core and shell and in a safe condition, and with such improvements complying with applicable building and fire codes in effect at the time of the construction of said improvements. Notwithstanding the foregoing, no such termination shall be effective without the written consent of Leasehold Mortgagee and Sublessee, which consent shall accompany Authority's notice and Authority shall provide suitable evidence to Commonwealth that all requisite consents have been given. This Section 5.01(i) shall survive termination of this Lease.

(j) Commonwealth shall not be obligated to provide any funds to or on behalf of Authority in connection with the construction, operation or maintenance of the Improvements, nor shall Commonwealth be required to guarantee or be responsible for any financing obtained in connection therewith. Except as otherwise provided, upon termination of this Lease, ownership of the Improvements, as then encumbered by any nonrecourse financing, shall vest in Commonwealth.

5.02. Construction Schedule. Commonwealth and Authority agree that they shall cooperate with each other in scheduling the timing and arranging for staging and support areas for the construction of the garage and the other Improvements. Authority understands that the construction schedule shall be coordinated with Commonwealth's construction schedule for the Expressway. Commonwealth anticipates that the construction of that portion of the Expressway affecting the Demised Premises, shall be completed on or before June 30, 1991. Commonwealth shall promptly notify Authority and Sublessee each time Commonwealth has reason to believe that the completion date may change. Nothing herein shall be deemed to require Commonwealth to permit the use of rights-of-way controlled by Commonwealth for any construction staging activities of Authority. Commonwealth shall not be required in any manner to delay, slow, alter or stop Commonwealth's construction of the Expressway by reason of any provision of this Lease. It is understood that the rapid completion of the Expressway is of paramount importance to Commonwealth and takes priority over the needs of Authority in staging the construction of the improvements contemplated in this Lease.

5.03. Changes, Alterations, and Additional Construction. Authority shall have the right from time to time and at any time during the Term of this Lease to construct additional buildings or other structures or improvements, and to

change, repair, maintain, correct, alter or add in or to the Improvements as permitted herein (all of the foregoing being herein collectively called "Alterations").

5.04. Manner of Completion.

(a) All Improvements and Alterations shall be constructed and completed by Authority without expense to Commonwealth, substantially in compliance with the approved Plans and all applicable permits and authorizations and building and zoning laws and with all other applicable laws, ordinances, orders, rules, regulations and requirements of all federal, state, county and municipal governments, departments, commissions, boards and officers, and in compliance with the terms and conditions of this Lease.

(b) Upon completion of the construction of each Alteration in accordance with the provisions hereof, each such Alteration shall be deemed to be and shall comprise part of the Improvements for all purposes of this Lease.

5.05. Title to Improvements and Alterations. Title to all Improvements and Alterations when made, erected, constructed, installed or placed upon the Demised Premises shall be and remain in Authority and/or Sublessee until the expiration of the Term hereof, unless this Lease shall be sooner terminated as herein provided, and upon such expiration or sooner termination title to such Improvements and Alterations shall, subject to Article 6, automatically pass to, vest in and belong to Commonwealth without

further action on the part of either party and without cost or charge to Commonwealth, except that in the event of the expiration or sooner termination of this Lease and if, at that time, Leasehold Mortgagee shall exercise any of the options to obtain a new lease for the remainder of the Term pursuant to Section 13.06 hereof, then title thereto shall automatically pass to, vest in and belong to such Leasehold Mortgagee or any designee or nominee of such Leasehold Mortgagee until the expiration of the Term hereof unless the new lease shall thereafter be sooner terminated as otherwise herein provided. During the Term hereof, Authority or Sublessee, in accordance with applicable law, shall be entitled to claim depreciation on the Improvements and Alterations for all taxation purposes. Notwithstanding anything herein to the contrary, neither Authority nor any Leasehold Mortgagee nor any other person shall (except as permitted under Articles 11 and 12) remove or demolish the public parking portion of the garage without express prior written approval by Commonwealth, which approval Commonwealth may withhold in its sole and absolute discretion.

5.06. Commonwealth's Right to Inspect.

(a) Commonwealth (through its designated representatives) and FHWA shall have the right from time to time during the course of construction of the Improvements or any Alteration, after advance written notice to Authority (except in the case of an emergency, in which event, no advance written

notice is required), to inspect the work being done to insure that the same is being constructed without significant deviation from the Plans in a manner that adversely affects the operation or construction of the Expressway and the highways.

Commonwealth's representatives shall comply with all rules relating to site safety and conduct, including without limitation, executing such waivers as are required by the general contractors prior to entering the job site. Such representatives shall not interfere with the orderly progress of work at the job site. Except in the case of an emergency affecting the safety of highway users or the integrity of the highway, the duties of Commonwealth's representatives shall be limited to inspecting, observing and reporting observations to Commonwealth.

(b) Authority agrees to permit Commonwealth and the duly authorized representatives of Commonwealth and FHWA to enter the Demised Premises and Improvements after advance written notice to Authority and at reasonable times during usual business hours (except in the event of an emergency, in which event, no advance written notice is required and the entry may be at any time, as necessary), so as not to interfere with the orderly progress of any work and the operation of the Project, for the purpose of: (i) inspecting the same to determine if such are in compliance with this Lease, and (ii) performing any work for which Authority shall be responsible under the terms of this Lease not performed by Authority after notice to Authority as

provided for herein. Except in the case of an emergency affecting the safety of highway users or the integrity of the highway requiring immediate entry and remediation by Commonwealth or FHWA, Authority shall be permitted to control access to the Property to ensure that interference with the development, construction and operation of the Project is minimized wherever possible.

(c) Commonwealth agrees, in connection with the doing of any such inspection or work, to cause as little inconvenience, annoyance, disturbance, loss of business or other damage to the Demised Premises and/or the Improvements as is possible. Nothing herein contained shall imply any duty or obligation upon Commonwealth to inspect or to make any repair or to perform any work, and the inspection or making any repair or performing any work by Commonwealth shall not be deemed an approval of any construction, nor shall it constitute a waiver of Authority's default in failing to make or perform the same.

5.07. Affirmative Action. Authority and Authority's construction manager, contractors and subcontractors shall abide by and comply with all applicable federal and Commonwealth affirmative action requirements and also, to the extent it requires commitments beyond those set by federal and Commonwealth regulation, the requirements attached hereto and made a part hereof as Exhibit H. Compliance with the provisions of Exhibit H

is required only with respect to activities relating to the Project and this Lease.

5.08. Plan Approvals. No approval by Commonwealth of any drawing submitted to Commonwealth shall be deemed a joinder in that drawing, nor may any such approval be treated by any party as Commonwealth's representation of the quality or endorsement of the content of such plan. Each approval by Commonwealth shall be deemed to be limited to the subject matter of such approval and shall not operate as a waiver of any other rights of Commonwealth under this Lease.

ARTICLE 6

SURRENDER

6.01. Delivery of Possession. Authority shall and will on the last day of the Term, or upon any earlier termination of this Lease, or any portion thereof as permitted pursuant to Section 1.02(b), or upon any reentry by Commonwealth upon the Demised Premises pursuant to Article 15 hereof, well and truly surrender and deliver up the Demised Premises and Improvements into the possession and use of Commonwealth, without fraud or delay, free and clear of liens and encumbrances other than (i) those liens and encumbrances in existence at the commencement of this Lease, (ii) Subleases, occupancy leases and agreements relating to the operation and management of the Improvements, including, without limitation, development agreements and

agreements with lessees, operators, licensees and joint venturers providing for equity participations and (iii) the liens of nonrecourse financing not otherwise prohibited herein. At the end of the Term, the Demised Premises shall not be subject to financing of any nature and may be subject only to such liens and encumbrances as are described in subparts (i) and (ii) herein. Upon delivery of possession, the Demised Premises shall be in the condition described in Section 5.01(i).

6.02. Removal of Personal Property. Any and all personal property (whether or not affixed to the Demised Premises, Improvements or any Alteration) furnished or installed by or at the expense of Authority, or any Sublessee, including, without limitation, equipment, furnishings, fixtures, and exterior or interior art work, may be removed by Authority prior to the expiration or earlier termination of the Term of this Lease or by such Sublessee, if furnished or installed by or for the benefit of such Sublessee, at or prior to the expiration or earlier termination of the term of the sublease.

6.03. Retention of Personal Property. Any such personal property of Authority or of any Sublessee that shall remain in or on the Demised Premises at the expiration of the Term or earlier termination of this Lease and the removal of Authority or such Sublessee from the Demised Premises may, at the option of Commonwealth, either be deemed to have been abandoned by Authority or such Sublessee, in which case the same may be

retained by Commonwealth as Commonwealth's property or be disposed of, without accountability, in such manner as Commonwealth may see fit, or as to trade fixtures and movable furniture, Commonwealth may require Authority to remove the same at Authority's expense.

6.04. Survival. The provisions of this Article 6 shall survive any termination of this Lease.

ARTICLE 7

INSURANCE AND INDEMNIFICATION

7.01. Insurance During Construction. From the date on which construction of any Improvements or any Alteration is commenced until the date of completion thereof Authority shall effect and maintain or cause to be maintained, at Authority's sole cost and expense, all-risk builder's risk insurance (completed value, non-reporting form) with respect to any Improvements or Alteration being constructed in such amount as is customarily carried therefor, covering items of labor and materials connected therewith.

7.02. Casualty Insurance. Upon completion of any Improvements and Alterations, Authority, at Authority's sole cost and expense, shall keep such completed Improvements and all Alterations insured against loss or damage by fire or by any other cause now or hereafter embraced by such coverage as is or then shall be commonly included in policies insuring similar

buildings and building equipment against loss by fire and other casualties, all in amounts as are customarily carried from time to time to protect against loss, which amounts shall in no event be less than \$1,000,000.

7.03. Other Insurance. Authority, at Authority's sole cost and expense shall also maintain during the Term hereof:

(a) General or comprehensive public liability insurance against any claims for bodily injury, death or property damage, occurring on, in or about the Demised Premises and the Improvements, under an occurrence-based policy, if such policy is then available at reasonable cost, and if not available, then a claims-made policy with continuous coverage and retroactivity and reasonable tail insurance coverage, in amounts at least equal to the limitations on damages set forth in 42 Pa.C.S.A. § 8528, as amended from time to time, said amounts currently being Two Hundred Fifty Thousand Dollars (\$250,000.00) per person and One Million Dollars (\$1,000,000.00) in the aggregate; and

(b) Boiler explosion insurance on new steam boilers, pressure vessels and pressure piping, if any, installed in the building comprising part of the Improvements in an amount to be determined by Authority; and

(c) Such other insurance with respect to the Demised Premises and Improvements against such additional risks which at that time are commonly insured against in the case of comparable premises and buildings of similar location, due regard

being, or to be, given to the height and type of building, its construction, use and occupancy, and the availability of such insurance at reasonable rates.

7.04. Insurers. All insurance provided for in this Article 7 shall be effected under policies issued by insurers of recognized responsibility which are licensed to do business in the Commonwealth of Pennsylvania and are well rated by national rating organizations. Originals of such policies (or certificates of the insurers) shall be delivered by Authority to Commonwealth upon the issuance thereof, and thereafter not less than fifteen (15) days prior to the expiration dates of any such policies theretofore furnished pursuant to this Article 7.

7.05. Insureds. All policies of insurance provided for in Sections 7.01, 7.02 and 7.03 hereof shall name Authority as the insured and Commonwealth as an additional insured. The loss, if any, under any policies provided for in this Article 7 shall be adjusted with the insurance company or companies by Authority, in consultation with Commonwealth. The loss so adjusted shall be paid to the holder of the first leasehold mortgage hereunder, if any, or to Authority to the extent that such holder shall permit payment thereof to Authority. The proceeds of any use and occupancy insurance or business interruption insurance carried by Authority shall be adjusted with the insurance company or companies solely by Authority and the loss so adjusted shall be paid to Authority. Commonwealth

shall, at Authority's sole cost and expense, cooperate reasonably in assisting Authority in obtaining the full benefits of Authority's insurance coverage.

7.06. Blanket Insurance Policies. Nothing in this Lease shall prevent Authority from taking out insurance of the kinds required by this Article 7 under a blanket insurance policy or policies maintained by Authority; provided, however, that (i) any such policy of blanket insurance shall specify therein, or Authority shall furnish Commonwealth with a written statement from the insurer under such policy so specifying, the amount of the total insurance allocated to the Improvements, which amount shall not be less than the amount required herein, (ii) any policy of blanket insurance hereunder shall comply in all respects with the other provisions of this Article 7, and (iii) the protection afforded Commonwealth and Authority pursuant to Section 7.03 under any policy of blanket insurance hereunder shall be no less than that which would have been afforded under a separate policy or policies relating only to the Demised Premises and the Improvements.

7.07. Notice of Cancellation. Each policy or certificate therefor obtained by Authority pursuant to this Article 7 to the extent obtainable shall contain an agreement by the insurer that such policy shall not be cancelled or materially amended without at least thirty (30) days prior written notice to

Commonwealth, Authority and the holder of the first leasehold mortgage.

7.08. Availability of Insurance. Except as otherwise required by law and except for the insurance required pursuant to Section 7.03(a) hereof, Authority shall not be obligated to maintain the amounts and types of insurance coverage that are provided for herein to the extent that such insurance is not regularly available in the marketplace at reasonable rates.

7.09. Indemnification of Commonwealth and FHWA. Authority agrees to defend, indemnify and save harmless Commonwealth against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct, operation, use or management of, or from any work, act or thing whatsoever done in, on or about the Demised Premises, Improvements and Alterations hereof, and will further defend, indemnify and save Commonwealth and FHWA (as its interest may appear under this Lease), harmless against and from any and all claims against Commonwealth or FHWA, as applicable, arising during the Term of this Lease from any condition of the Demised Premises, Improvements or Alterations comprising a part thereof, or, to the extent that Authority's act or omission results in any claims against Commonwealth or FHWA, as applicable, (a) arising from any breach or default on the part of Authority in the performance of any covenant or obligation on the part of Authority to be performed pursuant to the terms of this Lease, or

(b) arising from any failure by Authority to perform or fulfill any obligation or undertaking incurred by Authority in the process of obtaining subdivision and land development approval and any permits relating to the construction of the Improvements, or (c) arising from any act, neglect or negligence of Authority. Authority further will defend, indemnify and save Commonwealth and FHWA (as its interest may appear under this Lease), harmless against and from any and all claims against Commonwealth or FHWA, as applicable, arising from any act, neglect or negligence of any of Authority's agents, contractors, servants, employees, business invitees, licensees, guests or Sublessees with respect to the Demised Premises, Improvements or Alterations, or arising from any accident, injury or damage whatsoever caused during the Term of this Lease to any person in, on or about the Demised Premises, Improvements or Alterations, and against and from all liability in connection with any and all costs and expenses reasonably incurred with respect to any such claim or any action or proceeding brought against Commonwealth or FHWA, as applicable; provided that, as applicable, such claim or claims shall not have arisen by reason of the act or negligence of Commonwealth or Commonwealth's or FHWA or FHWA's employees or agents or by reason of Commonwealth's or FHWA's default in the performance of any obligation imposed on Commonwealth or FHWA by the terms hereof; and provided further that Commonwealth or FHWA shall give prompt written notice to Authority of any claim asserted against

Commonwealth or FHWA, as applicable, which, if sustained, may result in liability of Authority hereunder, but failure on the part of Commonwealth or FHWA, as applicable, to give such notice shall not relieve Authority from Authority's obligation to defend, indemnify and save harmless Commonwealth or FHWA as aforesaid, except to the extent that the failure to give such notice results in actual loss or damage to Authority. In case any action or proceeding be brought against Commonwealth or FHWA by reason of any such claim, Commonwealth or FHWA, as applicable, shall cooperate and assist in the defense of such action or proceeding if reasonably requested so to do by Authority.

ARTICLE 8

REPAIRS AND MAINTENANCE

8.01. Repairs to Demised Premises and Improvements.

Throughout the Term of this Lease, Authority, at Authority's sole cost and expense, will take care of the Demised Premises and the Improvements and the sidewalks and curbs on and adjoining the Demised Premises and any other improvements erected upon the Demised premises, and make all necessary repairs thereto, interior and exterior, and structural and nonstructural.

8.02. Trash Removal. Authority shall properly keep and maintain all portions of the Demised Premises and the sidewalks, curbs, driveways and passageways and parking areas on and adjoining the same, in a safe, clean and orderly condition,

free of dirt, trash, rubbish, snow, ice and unlawful obstructions. Authority shall also mow the lawns and other grass planted areas.

8.03. No Obligation of Commonwealth to Make Repairs.

Commonwealth shall not be required to furnish any services or facilities or to make any repairs in or to the Demised Premises or the Improvements, but shall have the right to do so pursuant to Section 5.06 hereof. Authority hereby assumes the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Demised Premises and the Improvements.

ARTICLE 9

COMPLIANCE WITH LAWS, ORDINANCES, ETC.

9.01. Compliance with Laws. Throughout the Term of this Lease, Authority, at Authority's sole cost and expense, will conform to, comply with and take any and all action necessary to avoid or eliminate any violation of, any present or future (as applicable) law, statute, ordinance, order, rule, regulation or requirement of any federal, state or municipal government, department, commission, board or officers having jurisdiction, which shall be applicable to the Demised Premises, Improvements or Alterations, or to the use or manner of use thereof by the lessees or occupants thereof.

9.02. Compliance with Insurance Requirements.

Authority shall observe and comply with the requirements of all policies of insurance which Authority is required hereby to maintain with respect to the Demised Premises and the Improvements.

9.03. Compliance with Restrictions. Authority shall

observe and comply with the requirements of all covenants and restrictions contained or set forth in the Permitted Encumbrances so far as the same shall at any time during the Term of this Lease be in force and effect.

9.04. Contest by Authority. Authority shall have the

right to contest, by appropriate proceedings diligently conducted in good faith in the name of Authority or Commonwealth or in the names of both of them, without cost or expense to Commonwealth, the validity or application of any law, ordinance, order, rule, regulation or requirement of the nature referred to in Sections 9.01 and 9.02 hereof, provided that the delay in conformance to, compliance with, observance of, or avoidance or elimination of violation of the same, attendant upon and pending the prosecution of such proceedings, shall not subject Commonwealth to any civil fine or penalty (unless Authority adequately provides security against the same), or criminal liability. Upon request by Authority, Commonwealth shall execute and deliver any and all such documents or instruments and shall take any and all such other action as shall be necessary or

proper to permit Authority to so contest the validity or application of any such law, ordinance, order, rule, regulation or requirement, or to facilitate the conduct of such contest by Authority. Authority covenants to defend, indemnify and save harmless Commonwealth from any liability for the payment of any cost or expense in connection with any such contest.

9.05. Permits. Throughout the Term of this Lease, Authority, at Authority's sole cost and expense, will procure and maintain all permits, licenses and authorizations required for any use of the Demised Premises and the Improvements, or any part thereof, then being made, and for the lawful and proper operation and maintenance thereof.

ARTICLE 10

DEFAULT BY AUTHORITY

10.01. Event of Default. Authority shall not be deemed to be in default hereunder unless an Event of Default, as hereinafter specified, has occurred. Each of the following shall constitute an "Event of Default" by Authority hereunder:

(a) Failure on the part of Authority to pay rent or any Additional Rent or any other sum of money called for herein, or any part thereof, when due and continuance of such failure for thirty (30) days after written notice from Commonwealth to Authority;

(b) Failure on the part of Authority to comply with or perform any other term, covenant, condition or agreement to be complied with or performed by Authority and continuance of such failure for sixty (60) days after written notice from Commonwealth to Authority, or, if the failure is of such a character as cannot reasonably be cured within said sixty (60) days, failure to initiate within said sixty (60) day period such action as reasonably can be taken toward curing the same and/or failure to prosecute such action as promptly as is reasonably possible after said action is initiated;

(c) (i) The commencement by Authority, or the commencement against Authority, of a proceeding under the federal bankruptcy law, as now or hereafter constituted, or under any other applicable federal or state bankruptcy, insolvency, moratorium or similar law, which proceeding, if commenced against Authority, is not dismissed within one hundred twenty (120) days from receipt by Authority of notice thereof, or (ii) the sufferance by Authority of the entry of any decree or order, remaining unstayed by appeal or otherwise for one hundred twenty (120) days, appointing, or the consent by Authority in any manner to the appointment of, a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official for Authority or for all or any portion of Authority's properties, or (iii) the making by Authority of any assignment for the benefit

of creditors, provided Authority is not otherwise faithfully performing its obligations under this Lease.

10.02. Commonwealth's Remedies for Authority's Default.

(a) During the Term of this Lease, if Authority shall fail to make any payment of annual rent, Additional Rent, or Additional Contingent Rent, or any other payment or perform any other act on Authority's part to be made or performed as in this Lease provided, then Commonwealth may, but shall not be obligated to do so, (i) upon thirty (30) days prior written notice to Authority and Sublessee as to a default in the payment of any sum of money, (ii) upon sixty (60) days prior written notice to and demand upon Authority as to any default other than in the payment of money, and (iii) without notice in the event of an emergency affecting highway safety or highway integrity or in the event the Project and/or the Property shall fail to be insured as provided in this Lease, and without waiving or releasing Authority from any obligations of Authority hereunder, pay any such imposition, effect any such insurance coverage and pay premiums therefor, and make any other payment or perform any other act on the part of Authority to be made and performed under the terms of this Lease, in such manner and to such extent as Commonwealth may deem desirable, and, in exercising any such rights, to pay necessary and incidental costs and expenses, employ counsel and incur and pay reasonable attorneys fees. All

sums so paid by Commonwealth and all necessary incidental costs and expenses in connection with the performance of any such act by Commonwealth, together with interest thereon at the rate equal to the interest rate of the most recent issuance of six (6) month United States Treasury Bills outstanding for the first thirty (30) days after the Event of Default or the making of such expenditure by Commonwealth and increasing one percent (1%) for each thirty (30) days thereafter, up to a maximum of six percent (6%) above such Treasury Bill rates, shall be deemed Additional Rent hereunder and, except as otherwise expressly provided, shall be payable to Commonwealth on demand and the failure of Authority to pay the same shall be deemed an Event of Default hereunder.

(b) If any Event of Default as defined in Section 10.01 shall have occurred and shall be continuing beyond those periods of time herein granted to cure the same, then:

(i) Commonwealth may give Authority and Sublessee notice of Commonwealth's intention to terminate this Lease on a date specified in such notice, which date shall not be less than ninety (90) days after the date of giving such notice, and upon the giving of such notice and the expiration of said ninety (90) day period, the Term hereof and the estate hereby granted with respect to the Demised Premises shall terminate on the date so specified in said notice with the same effect as if the date specified in said notice were the date hereinbefore fixed for the expiration of the Term of this Lease; and/or

(ii) Without entry or other action by Commonwealth, if this Lease is assigned, or if the Demised Premises or any part thereof is sublet, Authority hereby irrevocably constitutes and appoints Commonwealth as Authority's agent to collect all rents due hereunder without in any way affecting Authority's obligation to pay any unpaid balance of rent due hereunder; and/or

(iii) Commonwealth from time to time may relet the Demised Premises, or any part thereof, without any obligation to do so, for such term or terms and on such conditions as Commonwealth, in Commonwealth's sole discretion, may determine, and Authority shall be liable to Commonwealth for the difference between the amount owed to Commonwealth hereunder and the net proceeds of such reletting; provided, however, that Commonwealth shall in no event be liable in any way whatsoever for failure to relet the Demised Premises, or in the event that the Demised Premises are relet, for failure to collect rent therefor under such reletting; and in no event shall Authority be entitled to any excess of such rent over the sums payable by Authority to Commonwealth hereunder. In computing the amount of such difference there shall be added thereto such reasonable expenses as Commonwealth may have incurred in connection with such reletting, including, without limitation, legal expenses, attorneys fees, brokerage commissions and expenses for keeping

the Demised Premises and Improvements in good order and for preparing the same for reletting.

10.03. Force Majeure. Authority shall not be in default under this Lease or Article 10 if Authority's performance is delayed or prevented by or due to any cause beyond the control of Authority, including, without limitation, strikes, lockouts, inability to obtain utility services, labor and materials on the open market, unavailability of general liability or builder's risk insurance at any price from any of the licensed or surplus line carriers providing primary insurance in Pennsylvania, war, riots, unusual weather conditions, acts of God, unforeseen or unknown conditions in, on, under or adjacent to the Property, adverse environmental conditions or contamination, investigations and other activities and approvals in connection with historic preservation and/or archaeological findings affecting the Property and/or the Project, litigation affecting title to the Property or the ability of the parties to carry out this Lease, modifications of Commonwealth's schedule for construction of that portion of the Vine Street Expressway affecting the Demised Premises, delays in receiving approvals or consents from governmental authorities, or any other persons or entities required to render approvals or consents, and other similar causes beyond the reasonable control of Authority, and to the extent that compliance remains practicable, the time within which Authority must comply with any of the terms, covenants and

conditions of this Lease shall be extended by a period of time equal to the period of time that performance by Authority is delayed or prevented by the causes specified above.

10.04. Remedies Not Exclusive. Except as herein specifically provided, no right or remedy herein conferred upon or reserved to Commonwealth is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing at law.

10.05. Waiver of Performance. No failure by Commonwealth to insist upon the strict performance of any covenant, agreement, term or condition of this Lease on the part of Authority to be performed, or to exercise any permitted right or remedy consequent upon a default therein shall constitute a waiver by Commonwealth of such performance or the exercise of any right or remedy.

10.06. Notices to Leasehold Mortgagees and Sublessees.

(a) No notice to Authority requesting Authority to cure a default and no notice of any Event of Default or notice of termination shall be deemed to have been given by Commonwealth to Authority unless and until a copy thereof shall have been so given to each Leasehold Mortgagee and Sublessee. Commonwealth agrees to accept performance and compliance by any such Leasehold Mortgagee and/or Sublessee of and with any of the terms of this Lease with the same force and effect as though kept, observed or

performed by Authority. Nothing contained herein shall be construed as imposing any obligation upon any such Leasehold Mortgagee or Sublessee to so perform or comply on behalf of Authority.

(b) Irrespective of any other right a Leasehold Mortgagee may have to maintain this Lease free from default and in the meantime to foreclose its mortgage, such Leasehold Mortgagee, as to any Event of Default that may not be cured by the payment of money and which may or may not be susceptible of curing by entry upon the Demised Premises or the Improvements, shall have the right to extend the period of time within which to cure such Event of Default for such additional period of time as Leasehold Mortgagee requires, so that acting diligently and in good faith, Leasehold Mortgagee is able to institute foreclosure proceedings, apply for the appointment of a receiver for the purpose, among other things, of curing such Event of Default, if such is susceptible of being cured, and to acquire by foreclosure Authority's leasehold estate created by this Lease, to effect a removal of Authority from the Demised Premises and Improvements, and, in the meantime and at the earliest opportunity, to cure such Event of Default if such is susceptible of being cured; provided, however, the following conditions are duly and timely fulfilled:

(i) any such Leasehold Mortgagee, within sixty (60) days after the giving by Commonwealth to such

Leasehold Mortgagee of notice of Authority's failure to cure timely any Event of Default pursuant to the requirements of this Lease, shall give written notice to Commonwealth of its intention so to acquire Authority's leasehold estate and after such acquisition to cause Authority to be removed from the Demised Premises and so to cure such Event of Default;

(ii) such Leasehold Mortgagee, after the giving of such notice of intention, shall institute foreclosure action with reasonable promptness and shall prosecute the same through foreclosure sale in good faith and with due diligence and continuity;

(iii) such Leasehold Mortgagee, during all the time mentioned after the giving of such notice of intention, to the extent within its control when acting in good faith and with due diligence, either through itself or by means of such receiver, shall take subject to this Lease and shall maintain this Lease free from any further Events of Default; and

(iv) such Leasehold Mortgagee, as to any Event of Default susceptible of being cured by the payment of money, shall cure such default by the payment of the sums due and owing.

In the event the foregoing conditions shall have been duly and timely fulfilled, and the leasehold estate created by this Lease shall have been duly acquired by such Leasehold Mortgagee or other purchaser at a foreclosure sale and such Event

of Default shall thereafter be duly cured, then any Event of Default which Authority had failed to cure, but which has been cured by said Leasehold Mortgagee, as aforesaid, shall be deemed removed as to any purchaser at foreclosure sale. Notwithstanding anything herein contained to the contrary, such Leasehold Mortgagee shall not be required to institute foreclosure proceedings if such Leasehold Mortgagee is able to acquire and does acquire Authority's interest in the leasehold estate by any other means.

Nothing herein contained shall be deemed to require the Leasehold Mortgagee to continue with any foreclosure or other proceedings or, in the event the Leasehold Mortgagee shall otherwise acquire possession of the Demised Premises and Improvements, to continue such possession, after the Event of Default in respect of which Commonwealth shall have given the notice provided for in this Section 10.06 shall be remedied by Authority. If prior to any sale pursuant to any proceeding brought to foreclose any leasehold mortgage, or if prior to the date on which Authority's interest in this Lease and the Demised Premises shall otherwise be extinguished, the Event of Default in respect of which Commonwealth shall have given the notice provided for in this Section 10.06 shall have been remedied and possession of the Demised Premises and Improvements shall be restored to Authority, the obligation of the Leasehold Mortgagee pursuant to the notice to be given to Commonwealth pursuant to

Section 10.06(b)(i) shall be null and void and have no further effect.

(c) Commonwealth shall enter into such agreements and comply with such other provisions and requests as Leasehold Mortgagee reasonably may request, it being understood, however, that Commonwealth shall not be obligated to enter into any agreement which would permit a Leasehold Mortgagee to foreclose on Commonwealth's title to the Property.

ARTICLE 11

DAMAGE AND DESTRUCTION

11.01. Damage by Fire, Etc. In the event that any of the Improvements or any Alteration shall be damaged or destroyed by fire or any other hazard, risk or casualty whatsoever (such damaged or destroyed Improvements or Alteration being hereinafter in this Article 11 called "Damaged Improvements"), then Authority shall have the right, at Authority's sole option, (a) to terminate this Lease, such right to be exercised only if (i) the Demised Premises are surrendered as required under Article 6 with the Damaged Improvements demolished with debris removed, and (ii) if notice of such intent is given to Commonwealth within six (6) months after said damage or destruction; or (b) while remaining in possession of the Demised Premises pursuant to this Lease, to (i) restore, replace and repair the Damaged Improvements to the extent deemed desirable by Authority, or (ii) remove the debris

and demolish the Damaged Improvements. Notwithstanding the foregoing, if Authority does not elect to terminate this Lease, to the extent reasonably practicable to restore and operate in, and consistent with insurance proceeds available therefor, Authority shall repair or restore the public parking garage after any such damage.

11.02. Application of Insurance Proceeds.

(a) In the event Authority shall have elected options (b) or (c) as set forth in Section 11.01, then any insurance moneys shall be paid to Authority, or Leasehold Mortgagee in accordance with the provisions of such insurance and any leasehold mortgage, and Authority and/or Leasehold Mortgagee shall direct the application of such funds.

(b) In the event Authority shall have elected to terminate this Lease as provided in Section 11.01 hereof, then: (i) Authority shall be entitled to use any insurance moneys which shall have been paid by reason of damage to or destruction of the Damaged Improvements for the costs and expenses of removing debris and demolishing the Damaged Improvements; (ii) the balance of said insurance moneys shall be paid first to reduce the outstanding indebtedness secured by leasehold mortgages, with the remainder thereof paid to Authority.

11.03. Abatement of Rent.

(a) No damage to or destruction of any of the Demised Premises or Improvements as a result of fire or any other

hazard, risk or casualty whatsoever shall permit Authority to surrender this Lease or shall relieve Authority from Authority's liability to pay the rent payable under this Lease, or from any of Authority's other obligations hereunder, except as otherwise expressly provided in this Lease.

(b) Minimum Rent shall abate in proportion to the reduction in Project Gross Revenues resulting from said casualty or damage from the date of the occurrence of any casualty or damage until: (i) the completion of the restoration of or repair to the Improvements so damaged, providing Authority elects to restore or repair said Improvements by notice to Commonwealth within ninety (90) days after the occurrence or damage or casualty and Authority thereafter commences and diligently proceeds to repair or restore said Improvements, or (ii) two (2) years after the occurrence, if Authority does not elect to restore or repair said Improvements.

(c) If in the course of construction, alteration or repair of the highways by Commonwealth, traffic flow or ingress or egress to or from the Property is materially impeded or adversely affected, Minimum Rent shall abate in proportion to the reduction of Project Gross Revenues for so long as such traffic flow or ingress or egress is materially impeded or adversely affected by Commonwealth's activities as aforesaid.

(d) The amount of any proportionate rent abatement shall be calculated by Authority based on Project Gross

Revenues for the twelve (12) month period from January through December immediately following the occurrence of the event giving rise to the abatement. Authority shall provide reasonable substantiation to Commonwealth of its calculations hereunder. Any overpayment by Authority of Minimum Rent shall be credited against each successive installment of rent due until Authority is fully reimbursed for such overpayment.

ARTICLE 12

CONDEMNATION

12.01. Total Taking. In the event that the whole of the Demised Premises and the Improvements, or the entire Improvements on the Demised Premises, shall be taken by any governmental body under the exercise of the power of eminent domain or by agreement with any such governmental body in lieu of such taking (a "Total Taking"), then this Lease shall terminate as of the date when possession thereof shall be delivered to the condemnor.

12.02. Apportionment of Award on Total Taking. The award with respect to any Total Taking shall be paid over to Authority and Authority shall first receive an amount equal to the fair market value, at the time of taking, of the Improvements and this Lease. From the balance of the award Commonwealth shall then receive an amount equal to the value of the unimproved land,

as encumbered by this Lease. The remainder of the award, if any, shall be paid to Authority.

In the event the amount of the award attributable to the Improvements shall not be determined in the proceedings for the establishment thereof, then such amount shall be determined pursuant to arbitration as provided in Article 15 hereof. All costs and expenses incurred by Commonwealth and Authority in establishing the amount of the award shall be shared by Commonwealth and Authority in the same proportion in which the entire award is apportioned.

12.03. Partial Taking. In the event that any portion or portions of the Demised Premises or the Improvements and any Alteration thereon shall be taken by any governmental body under the exercise of the power of eminent domain or by agreement with any such governmental body in lieu of such taking (a "Partial Taking"), then this Lease, as to the portion or portions so taken, shall terminate as of the date the possession thereof shall be delivered to the condemnor. If, as a result of such Partial Taking, Authority determines not to reconstruct or operate the Improvements on the remaining portion of the Demised Premises and Authority so elects, Authority may terminate this Lease, and surrender the Demised Premises and Improvements free and clear of all liens and encumbrances, other than those liens and encumbrances permitted in accordance with Section 6.01, and subject to the requirements of Sections 6.02 and 6.03, by

delivering written notice within ninety (90) days from the date of the Partial Taking.

12.04. Reconstruction. If during the Term there shall be a Partial Taking and if this Lease shall not be terminated on account thereof pursuant to the provisions of Section 12.03, then Authority may repair and restore, at its election, in whole or in part, that part of the Improvements on the remaining portion of the Demised Premises, and this Lease shall remain in full force and effect with respect to such remaining portion of the Demised Premises and Improvements.

12.05. Apportionment of Award on Partial Taking. The net amount of the award with respect to any Partial Taking, after the payment of all costs and expenses incurred in the establishment thereof, shall be paid to Authority for the cost of repair, restoration and reconstruction of the Improvements taken, damaged or destroyed; and if the net amount of any such award shall exceed the total cost of repair and reconstruction or restoration, the balance thereof shall be apportioned as follows: (i) Commonwealth shall be entitled to that portion of the balance allocable to the land portion of the award, as encumbered by this Lease, and (ii) Authority shall be entitled to that portion of the balance allocable to the Improvements.

In the event the amount of the award attributable to the diminution in value of Authority's leasehold interest in the Improvements shall not be determined in the proceedings for the

establishment thereof, then such amount shall be determined pursuant to arbitration as provided in Article 15 of this Lease. All costs and expenses incurred by Commonwealth and Authority in establishing the amount of the award shall be shared by Commonwealth and Authority in the same proportion in which the entire award is apportioned. Minimum Rent for the remainder of the Term shall abate in proportion to the reduction in Project Gross Revenues calculated in the manner set forth in Section 11.03(d).

12.06. Temporary Taking. In the event the taking or condemnation of the Demised Premises, or the Improvements, or any part thereof, shall be for temporary use or occupancy or for a term of years only (a "Temporary Taking"), then this Lease and all of Authority's obligations hereunder shall continue in full force and effect (except for the payment of rent and except to the extent that performance by Authority of Authority's covenants and agreements is prevented by such taking). Authority shall be entitled to the entire award with respect to any Temporary Taking except that Commonwealth shall be entitled to any portion of such award allocable to any period of time beyond the Expiration Date, and the rights of Commonwealth and Authority shall be unaffected by the other provisions of this Article 12 and shall be governed by applicable law. Unless an award is made to Authority by the condemning authority for repair and restoration upon the expiration of the Temporary Taking, if Commonwealth receives any

award by way of the aforesaid apportionment Commonwealth will pay such sum to Authority.

12.07. Depository of Authority's Award. In the event of a Partial Taking which shall result in the provisions of Section 12.04 becoming applicable, then the portion of the award to which Authority shall be entitled shall be paid to the first Leasehold Mortgagee, unless such holder shall permit payment thereof to Authority. Any remainder of such portion of the award after payment of the costs incurred by Authority to demolish, restore or repair may be applied in reduction of said first leasehold mortgage, and any remainder thereafter shall be paid to Authority.

12.08. Settlement Agreement. Commonwealth shall cooperate with Authority in Authority's efforts to achieve the best possible award from or settlement with any condemning authority and shall cooperate in any proceedings, judicial or otherwise, in connection therewith. For the purposes of this Lease, all amounts paid pursuant to an agreement with any condemning party which has been made in settlement of any condemnation or any eminent domain proceeding affecting the Demised Premises or Improvements shall be deemed to constitute an award made in such proceeding. Neither Authority nor Commonwealth shall compromise or agree to any settlement without the prior written consent of the other party, which consent may be granted or withheld in that party's sole discretion.

ARTICLE 13

ASSIGNMENT, SUBLETTING AND MORTGAGING

13.01. Termination of Authority's Existence. If the existence of Authority is terminated, then at the election of any Sublessee, (i) Commonwealth shall recognize Sublessee as the tenant under this Lease and Sublessee shall enjoy all of the rights and benefits and be bound by the duties and obligations of Authority, as tenant, hereunder, whereupon this Lease shall terminate with respect to Authority and Authority shall have no further rights, duties and obligations in connection herewith, or (ii) Sublessee and Commonwealth shall enter into a new lease under all of the same terms and conditions as this Lease, and this Lease shall terminate and neither party shall have any further rights, duties or obligations hereunder.

13.02. Assignment or Other Transfer of Lease.

(a) Authority may assign or otherwise transfer this Lease to the City of Philadelphia or any public, governmental, or quasi-governmental entity, without the consent of Commonwealth. Authority shall obtain the prior written consent of Commonwealth, which consent shall not unreasonably be withheld or delayed, to any other assignment or transfer by Authority of this Lease. Without limitation of the foregoing, Commonwealth expressly consents to the assignment of this Lease

or the transfer thereof to Developer, Sublessee and Leasehold Mortgagee.

(b) Within ninety (90) days after the date of the assignment or transfer, the transferor or transferee shall deliver to Commonwealth in due form for recording (i) a duplicate original of the instrument of assignment and (ii) an instrument of assumption by the transferee of Authority's obligations under this Lease.

13.03. Subletting. Authority shall have the right, without the prior consent of Commonwealth, to sublease the Demised Premises and Improvements, or any portion thereof, to Sublessees, and to grant licenses and concessions, and such Sublessees, licensees and concessionaires may further sublease and/or assign their interests therein, and so on, to their respective sublessees, successors and assigns. Without limitation of the foregoing, Commonwealth expressly consents to the sublease of the Demised Premises, or any portion thereof, to Developer.

13.04. Non-Disturbance Agreement. Upon the written request of Authority, any Leasehold Mortgagee or Sublessee, Commonwealth will enter into an appropriate agreement with the Sublessees of any space in the Demised Premises ("Non-Disturbance Agreement"), which agreement shall provide, in substance, that so long as such Sublessee is not in default under its sublease beyond the period given therein to cure, Commonwealth, in the

exercise of any of its rights or remedies under this Lease, shall not deprive such Sublessee of possession, or the right of possession, of the premises demised to it, during the term of said sublease or any renewal thereof, or join Sublessee as an adverse or defendant party in any action or proceeding to enforce or terminate this Lease or obtain possession of the premises demised in such sublease for any reason other than a breach by said Sublessee of the covenants of the sublease that would entitle the lessor therein and thereunder to dispossess the Sublessee therein and thereunder, provided that simultaneously with the execution of such Non-Disturbance Agreement, such Sublessee, upon request of Commonwealth, shall agree in writing that in the event of any termination of this Lease prior to the expiration of its Term, such Sublessee shall be deemed to have attorned to Commonwealth, and shall become a tenant of Commonwealth under the sublease.

13.05. Mortgages.

(a) Authority, without the prior consent of Commonwealth, may make a bona fide institutional mortgage or mortgages upon Authority's interest in the Demised Premises and Improvements, and the leasehold estate hereunder. No Leasehold Mortgagee or anyone claiming by, through or under such Leasehold Mortgagee by virtue thereof shall acquire any greater rights in the Demised Premises and Improvements than Authority has under this Lease (other than those expressly included in this Lease),

and provided further all such leasehold mortgages shall be subject to all of the conditions, covenants and obligations of this Lease and to the rights of Commonwealth hereunder. The execution and delivery of any leasehold mortgage shall not be deemed to constitute an assignment or transfer of this Lease, nor shall any Leasehold Mortgagee during the period of time such Leasehold Mortgagee is the holder of such mortgage be deemed an assignee or transferee of this Lease so as to require such mortgagee to assume the performance of any of the terms, covenants or conditions on the part of Authority to be performed hereunder. Commonwealth agrees to execute consents and other documents to evidence its consent necessary for Authority to obtain and maintain leasehold mortgages and shall comply with such other reasonable requests as Leasehold Mortgagee may make.

(b) If a Leasehold Mortgagee shall acquire Authority's interest in this Lease as a result of a sale under said leasehold mortgage pursuant to a foreclosure sale, or through any transfer in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure action, said Leasehold Mortgagee shall have the privilege of transferring its interest in this Lease to a nominee or a wholly owned subsidiary corporation without the prior consent of Commonwealth, provided, however, that there shall be delivered to Commonwealth in due form for recording within ninety (90) days after the date of such transfer (i) a duplicate

original of the instrument of assignment, and (ii) an instrument of assumption by the transferee of all of Authority's obligations under this Lease, and said Leasehold Mortgagee shall be relieved of any further liability under this Lease from and after such transfer. If a Leasehold Mortgagee or its nominee or wholly owned subsidiary corporation, shall acquire title (derived from such mortgage as aforesaid) to Authority's interest herein, and if such Leasehold Mortgagee, nominee or subsidiary corporation shall desires to assign this Lease, such Leasehold Mortgagee, nominee or subsidiary corporation may assign this Lease without the prior consent of Commonwealth to any person, firm or corporation; provided, however, that there shall be delivered to Commonwealth in due form for recording within ninety (90) days after the date of the assignment: (i) a duplicate original of the instrument of assignment, and (ii) an instrument of assumption by the transferee of all of Authority's obligations under this Lease, and any such Leasehold Mortgagee, nominee or subsidiary corporation shall be relieved of any further liability under this Lease from and after such assignment. Any purchaser at a foreclosure sale, other than a Leasehold Mortgagee, shall assume this Lease and such purchaser shall have no right in respect to the Demised premises and Improvements unless such purchaser so assumes and delivers a duplicate original of the assumption agreement (already executed in form for recording)

within ninety (90) days after such purchaser acquires title to Authority's interest in this Lease.

(c) No substantial and material modification, surrender or cancellation of this Lease, except as otherwise provided in this Lease, shall be effective without written approval of the Leasehold Mortgagee and Sublessee, nor shall the acquisition of both the fee and leasehold estates in the ground in one entity effect a merger thereof.

13.06. Delivery of New Lease.

(a) In case of the termination of this Lease by reason of the happening of any Event of Default, including, without limitation, termination by reason of Authority's bankruptcy, Commonwealth shall give written notice thereof to each Leasehold Mortgagee and Sublessee whose name, address and its interest in the Demised Premises has been supplied by Authority or such Leasehold Mortgagee or Sublessee to Commonwealth prior to Commonwealth's issuance of such notice. If, within sixty (60) days after the giving of such notice, such Leasehold Mortgagee or Sublessee shall cure all Events of Default which are susceptible of being cured by the payment of money and shall agree in writing that promptly following the delivery of a new lease of the Demised Premises, such Leasehold Mortgagee or its designee or Sublessee will perform or cause to be performed all of the other covenants and agreements herein contained on Authority's part to be performed to the extent that Authority

shall have failed to perform the same to the date of delivery of such new lease, except such covenants and agreements which cannot diligently and in good faith be performed by the Leasehold Mortgagee or such designee or Sublessee, and shall pay any and all expenses, costs and fees, including reasonable counsel fees, incurred by Commonwealth in connection with such termination and in acquiring possession of the Demised Premises and Improvements, together with a sum of money, if any, equal to the amount which, but for such termination, would have become due and payable under this Lease from such termination date up to and including a period of sixty (60) days beyond the date of the giving of such notice, then, upon the written request of such Leasehold Mortgagee or Sublessee made any time within the first thirty (30) days of such sixty (60) day period, Commonwealth and such Leasehold Mortgagee or Sublessee shall execute and deliver within the last thirty (30) days of such sixty (60) day period a new lease of the Demised Premises to such Leasehold Mortgagee or Sublessee for the remainder of the Term of this Lease (from and following the date of said termination). Such new lease shall be at the rent, Additional Rent and other charges herein reserved and otherwise upon the same terms, covenants and conditions as are herein set forth, with the same relative priority in time and right as this Lease with respect to any fee mortgage and any other encumbrance created by Commonwealth. Notwithstanding Commonwealth's entry into said new lease, in the event that at

the time the new lease is entered into, Authority shall be in possession of the Demised Premises and Improvements, Commonwealth, at the request and expense of said new tenant, will take all reasonable steps to remove Authority from the Demised Premises and Improvements, but shall not be liable to such new tenant for any damages resulting from any delay of Authority in vacating the Demised premises or Improvements, or from any failure to vacate the same.

(b) If within the first thirty (90) days after said sixty (60) day period more than one request for a new lease shall have been received by Commonwealth, priority shall be given (regardless of the order in which such requests shall be made or received) to the Leasehold Mortgagee making such a request in the order of their priority of interest in the Demised Premises with respect to other leasehold mortgagees, which order of priority shall, in the absence of evidence satisfactory to Commonwealth to the contrary, be established by the date of recording of such leasehold mortgages and thereafter, to such Sublessees in order of their priority of interest in the Demised Premises with respect to other sublessees.

(c) The provisions of this Article 13 shall survive any termination of this Lease.

ARTICLE 14

ARBITRATION

14.01. Arbitration. The parties hereto submit to the jurisdiction of the Uniform Arbitration Act, 1980, Oct. 5, P.L. 593, No. 142 § 501(a), as amended.

14.02. Self-Help. Commonwealth shall not engage in or resort to any "self-help" remedies in connection with the enforcement of any of its rights and remedies under this Lease. Nothing herein shall be deemed to limit or impair Commonwealth's right to enter upon the Property to make repairs or correct hazardous conditions as provided in Section 5.06 of this Lease. The provisions of this Section 14.02 shall survive the termination of this Lease.

ARTICLE 15

NOTICES AND APPROVALS

15.01. Notices. All notices' approvals, consents, demands and requests which may or are required to be given by one party to the other party shall be in writing and shall be deemed to have been properly given two (2) days after deposit in the United States Mail, if given in accordance with the provisions of

this Lease and if sent by registered or certified mail, postage prepaid, addressed as follows:

(a) If to Authority:

The Philadelphia Parking Authority
Suite 800
Two Penn Center Plaza
Philadelphia, Pennsylvania 19102

Attention: Executive Director

With a copy to:

General Counsel
The Philadelphia Parking Authority
Suite 800
Two Penn Center Plaza
Philadelphia, Pennsylvania 19102

and

S. David Fineman, Esquire
Fineman & Bach, P.C.
19th Floor
1608 Walnut Street
Philadelphia, Pennsylvania 19103

or at such other place, and to such other persons, as Authority may from time to time designate by notice to Commonwealth.

Copies of all notices to Authority also shall be sent to Sublessee; and

(b) If to Commonwealth:

Commonwealth of Pennsylvania
Department of Transportation
Engineering District 6-O
200 Radnor-Chester Road
St. Davids, Pennsylvania 19087

With a copy to:

Pennsylvania Department of Transportation
521 Transportation and Safety Building
Harrisburg, Pennsylvania 17120

Attention: Chief Counsel

and at such other place, and to such other persons, as
Commonwealth may from time to time designate by notice to
Authority.

(c) If to Sublessee:

Mr. Dennis Maloomian
Philadelphia Gateway Associates
Suite 350
1235 Westlakes Drive
Berwyn, Pennsylvania 19312

With a copy to: Michael Sklaroff, Esquire
Ballard, Spahr, Andrews & Ingersoll
20th Floor
30 South 17th Street
Philadelphia, Pennsylvania 19103

and at such other place, and to such other persons, as Sublessee
may from time to time designate by notice to Authority and
Commonwealth.

Authority shall notify Commonwealth of any change in
the identify or address of any Sublessee or Leasehold Mortgagee.

All notices, approvals, consents, demands and requests
which may be or are required to be given to a Leasehold Mortgagee
hereunder shall be in writing and shall be deemed to have been
properly given if and when sent by registered or certified mail,
postage prepaid, addressed as required by such Leasehold

Mortgagee. All notices, approvals, consents, demands and requests which may be or are required to be given by a Leasehold Mortgagee to Commonwealth shall be given as provided above.

15.02. Approval, Etc. No approval or consent of any party hereto or of any other person which is required by any provision of this Lease shall be unreasonably delayed or withheld, unless the context hereof shall expressly state to the contrary.

ARTICLE 16

QUIET ENJOYMENT

16.01. Quiet Enjoyment. Authority, upon observing and keeping all covenants, agreements and conditions of this Lease on Authority's part to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Demised Premises and construct the Improvements throughout the Term of this Lease without hindrance or molestation by Commonwealth.

16.02. Other Remedies. Except as otherwise expressly provided herein, Authority and Commonwealth, and their respective successors and assignees and Sublessee, hereby reserve such remedies and relief as may be available at law or in equity, provided that such reservation shall not be deemed a waiver of Commonwealth's right to assert a defense of sovereign immunity in any action at law or in equity.

ARTICLE 17

SUCCESSORS AND ASSIGNS OF THE PARTIES; CONTROLLING LAW

17.01. Successors. The covenants and agreements herein contained shall bind and inure to the benefit of Commonwealth, and Commonwealth's successors and assigns, and Authority and Authority's successors and assigns, subject to the provisions of this Lease. Each reference in this Lease to Commonwealth or Authority shall be deemed to include any and all of their respective successors and assigns, and, in the case of Commonwealth, each and every present or future joint tenant or tenant in common of the fee title to the Demised Premises or any part thereof. If at any time during the Term hereof there shall be more than one person or entity, or a combination thereof, as tenant hereunder, then the liability and obligations of each such person and entity shall be joint and several.

17.02. Assignment by Developer. Authority agrees that it shall not consent to or permit any transfer or assignment by Developer ("Transferor") of Transferor's interest under any Sublease unless (i) Transferor obtains the prior written approval of Authority and Commonwealth, which shall not be unreasonably withheld or delayed; and (ii) the transferee assumes the obligations of Transferor thereunder and is an entity duly qualified to do business in Pennsylvania. The general partners or shareholders of Transferor, or any of them, may transfer or dispose of all or a portion of its or their interest in

Transferor, provided that Authority and Commonwealth shall have the right to approve any transfer that will change the identity of the controlling interest in Transferor, which approval shall not be unreasonably withheld or delayed, but which approval may take into account the comparability of the financial responsibility and experience of the proposed transferee to the Transferor, as of the execution of this Lease. Notwithstanding the foregoing, without the approval of Authority and Commonwealth, Realen Properties, Inc. may assign its interest in Transferor, the Development Agreement and/or its role as managing general partner to any affiliate or related entity so long as such assignee is owned by the shareholders of Realen Properties, Inc. in the same proportion as their ownership in shares of Realen Properties, Inc. Limited partnership interests in Transferor or limited partnership interests in any of its partners, shall be freely transferable without the necessity of obtaining the consent of Authority or Commonwealth.

17.03. Controlling Law. This Lease has been delivered and shall be construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania.

ARTICLE 18

ESTOPPEL CERTIFICATES

18.01. Authority's Estoppel. Authority agrees, at any time and from time to time, upon not less than thirty (30) days

prior notice by Commonwealth, to execute, acknowledge and deliver to Commonwealth a statement in writing certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (ii) whether or not there are then existing any off-sets or defenses against the enforcement of any of the terms, covenants or conditions hereof upon the part of Commonwealth or Authority to be performed (and if so specifying the same), and (iii) the dates to which the rent and other charges have been paid in advance.

18.02. Commonwealth's Estoppel. Commonwealth agrees, at any time and from time to time, upon not less than thirty (30) days' prior written notice by Authority, Sublessee or Leasehold Mortgagee, to execute, acknowledge and deliver to Authority a statement in writing certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), (ii) the dates to which the rent and other charges have been paid in advance, if any, and (iii) stating whether or not Authority is in default in performance of any covenant, agreement or condition contained in this Lease, and if so, specifying each such Event of Default, and also stating whether or not any notice of default has been given under this Lease which default has not been remedied, and if so, stating the nature of said Event of Default and the date of the

giving of said notice, it being intended that any such statement delivered pursuant to this Section 18.02 may be relied upon by any prospective assignee or mortgagees of this Lease, or any portion thereof, or by any assignee or prospective assignee of any such mortgage or by any undertenant or prospective Sublessee of the whole or any part of the Demised Premises or Improvements.

ARTICLE 19

MISCELLANEOUS PROVISIONS

19.01. Integration. This Lease and the documents referred to herein set forth all the promises, agreements, conditions and understandings between Commonwealth and Authority relative to the leasing of the Demised Premises, and there is no promise, agreement, condition or understanding, either oral or written, between them other than as are herein set forth. It is further understood and agreed that, except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this Lease shall be binding upon Commonwealth or Authority unless reduced to writing and signed by them.

19.02. Severability. Each covenant and agreement contained in this Lease shall for all purposes be construed to be a separate and independent covenant and agreement. If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid and unenforceable, the remainder of this Lease or the application of

such term or provision to persons or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and shall be enforced to the extent permitted by law.

19.03. Counterparts. This Lease may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one and the same instrument.

19.04. Headings. The headings to the various Articles and Sections of this Lease have been inserted for convenient reference only and shall not modify, amend or change the express terms and provisions of this Lease.

19.05. Interpretation. This Lease has been negotiated at arm's-length. In the event of any ambiguity in any of the terms and provisions, this Lease shall not be interpreted against or in favor of either Commonwealth or Authority nor shall there be any presumption against or in favor of either Commonwealth or Authority.

19.06. Successors and Assigns. This Lease shall bind and inure to the benefit of Commonwealth and Authority and their respective successors and assigns.

19.07. Relationship of Parties. This Lease creates only a landlord/tenant relationship, and does not, and shall not be deemed to, create a master/servant, agency, partnership, joint venture or other relationship.

19.08. Definitions. Capitalized terms not otherwise defined herein shall have the meanings set forth in Appendix I, attached hereto and made a part hereof.

19.09. Integrity. Authority shall comply with Commonwealth's Integrity Provisions set forth on Exhibit I attached hereto and made a part hereof. Nothing therein shall be deemed to limit or prohibit Authority's, Developer's, or Sublessees' respective performance of obligations, and enjoyment of benefits, arising out of the Development Agreement.

19.10. Approval of Commonwealth. Where approval of Commonwealth is required under the terms of this Lease, such approval shall be in writing and executed by a Deputy Secretary of Transportation. Where the approval of Commonwealth is contingent upon prior approval of FHWA under this Lease or as required by law or regulation, Commonwealth will not grant approval in the event such prior approval is not obtained. Commonwealth shall use its best efforts to obtain the consent of FHWA when such is required prior to Commonwealth granting its approval.

19.11. Further Assurances. Commonwealth and Authority shall each take such further action and execute and deliver such additional documents as shall be necessary to consummate the transactions contemplated by this Lease, including, without limitation, the execution of such certificates, instruments and amendments as may be required in connection with the financing of

the Project and the creation of a condominium or other form of ownership in respect of the Improvements. Commonwealth and Authority shall cause their respective counsel to issue such legal opinions as to the status of Commonwealth and Authority respectively, and such other matters as may be reasonably required by the Leasehold Mortgagee, subject to such counsels' determinations as to matters of law. Commonwealth shall take all steps necessary to waive compliance with 67 Pa. Code § 495.6(e) or to establish the non-applicability thereof to this transaction.

19.12. Public Facilities Concession Regulation Act.

Pursuant to 69 P.S. § 2505(b), Commonwealth, through the Department of Transportation, has determined that the retention of the right to regulate is not necessary to protect the general welfare, and Commonwealth and its public agencies hereby waive the right to regulate contracts as set forth in the Public Facilities Concession Regulation Act, 69 P.S. § 2501 et seq., to the extent that such applies to this Lease, the Property and the Project or any part thereof.

ARTICLE 20

TITLE

20.01. Title.

(a) Authority's interest in the Demised Premises shall be good and marketable and free and clear of all liens,

defects, security interests, restrictions, encumbrances, leases and easements that would affect Authority's use and enjoyment of the Demised Premises, except for the matters set forth in Exhibit D hereof. Authority's leasehold estate shall be insurable as set forth above at regular rates by a reputable title insurance company selected by Authority, subject nevertheless to any matters created by Authority or arising by reason of Authority's activity upon the Demised Premises.

(b) Commonwealth shall not cause any lien, encumbrance or mortgage upon the Demised Premises without the prior written consent of the Leasehold Mortgagee, which consent may be granted or withheld in its sole discretion. Commonwealth further shall not suffer to exist any lien or encumbrance, provided that Commonwealth, within sixty (60) days from the date of creation of the lien or encumbrance, shall have the opportunity to remove or otherwise discharge such lien or encumbrance.

ARTICLE 21


COVENANT OF AUTHORITY

21.01. Covenant of Authority. Commonwealth and Authority each covenant and warrant that they have all necessary power and authority to enter into this Lease for the full Term herein granted.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Commonwealth and Authority have caused this Lease to be duly executed by their respective authorized officers and have affixed their seals, pursuant to due and legal action authorizing the same to be done, all as of the day and year first above written.

ATTEST:

COMMONWEALTH OF PENNSYLVANIA,
Acting by and through the
DEPARTMENT OF TRANSPORTATION


Nelen F. Kurr 10/16/90
Signature Date

Exec Sec
Title
(SEAL)

Annie Zyzanski 10-16-90
Signature Date

Deputy Secretary
Title

ATTEST:

William M. Fitzgerald Jr. 10/4/90
Signature Date

Executive Director
Title

(SEAL)

APPROVED AS TO LEGALITY
AND FORM

W. J. C. 10/11/90
Signature Date

Chief Counsel
Title

John R. Hall
Signature Date

Deputy Attorney General
Title

AMOUNT _____

THE PHILADELPHIA PARKING
AUTHORITY

William M. Fitzgerald Jr. 10/4/90
Signature Date

Chairman of the Board
Title

PRELIMINARY APPROVAL

W. J. C. 10/15/90
Signature Date

Chief Assistant Counsel
Title

RECORDED NO. _____
Certified Funds Available
Under Activity Program

SYMBOL _____

By: W. J. C. 10/32/90
Signature Date

Title

APPROVED FOR
OFFICE OF BUDGET AND ADMINISTRATION

BY: W. H. Pestle
Comptroller

APPENDIX I
DEFINITIONS

"Act" shall mean the Act of the General Assembly of the Commonwealth of Pennsylvania of June 5, 1947, P.L. 458, as amended from time to time, known as the Parking Authority Law.

"Additional Improvements" shall mean, as the context requires, each component of the additional improvements constructed on, over or under the Property, which may include, a hotel and office tower or towers and which does not include the garage and subterranean improvements.

"Additional Improvements Completion Date" shall mean each date when construction of a particular component of the Additional Improvements shall have been completed and all necessary licenses and permits have been obtained and said component is opened for business or ready for occupancy for its intended use.

"Authority's Net Proceeds of a Capital Event" shall mean the distributable proceeds, after all transactional costs, costs of recovery of same, and payment of outstanding debt, and payment of equity participations, of a sale, exchange or refinancing of the Project or any component thereof, excess insurance proceeds, damage awards for destruction of property (not used to repair, restore or replace said property) or revenues or profits related to businesses carried on as part of

the Project, condemnation awards, provided that an assignment or transfer of interests in Sublessee or its partners shall not be deemed to be a capital event hereunder.

"Authority's Revenues" shall mean Authority's share of the Net Project Revenues. For purposes of calculating Percentage Rent pursuant to Section 1.03 of this Lease, Authority's Revenues shall also include Authority's Net Proceeds of a Capital Event.

"Garage Completion Date" shall mean the date when construction of the public parking portion of the multi-level garage has been completed and all necessary licenses and permits to operate the garage have been obtained and the garage opens to the public for business.

"Leasehold Mortgagee" shall mean, collectively, the entity or entities providing financing in respect of the construction, operation and/or maintenance of the Improvements and/or the Project, from time to time, which financing is secured, among other things, by a mortgage or mortgagees of Authority's and/or Sublessee's leasehold and/or subleasehold interests in the Property, and the interests of the successors and assigns of the foregoing.

"Net Project Revenues" shall mean Project Gross Revenues less all expenses incurred by Sublessee in the development, administration, operation, maintenance, repair, capital improvement (to the extent that the cost of such improvement exceeds established reserves) and financing of the

Improvements and the Project, including expenses reasonably related to the Project in accordance with industry standards, such as the following expenses: personnel; taxes; supplies; insurance; utilities; security; reasonable reserves for claims and capital improvements (consisting of actual cash set asides and not depreciation); license and permit fees; legal, accounting and other professional fees; advertising, promotion and public relations; management fees (which management fees shall not include a provision for any direct reimbursement of Authority's home office overhead); Developer's fees; Sublessee's fees; janitorial services; landscaping; debt service; consultants; and such other expenses as may be incurred in connection with the Property and/or the Project.

"Project Gross Revenues" shall mean all operating revenues received by Sublessee for the use or occupancy of the Improvements, which for purposes of calculating Project Gross Revenues shall not include rent adjustments and equity participations for the benefit of lessees, lenders and the operators, licensees, lessees or joint venturers in the Project.

"Sublessee" shall mean, collectively, subtenants and assignees of Authority under agreements directly with Authority and Authority's successors or assigns, providing for the subleasing and/or assignment of all or part of Authority's right, title and interest in and to this Lease, and such subtenants' and assignees' respective successors and/or assigns, but not

including the further subtenants or assignees of such subtenants or assignees.

EXHIBIT A
SITE PLAN OF DEMISED PREMISES

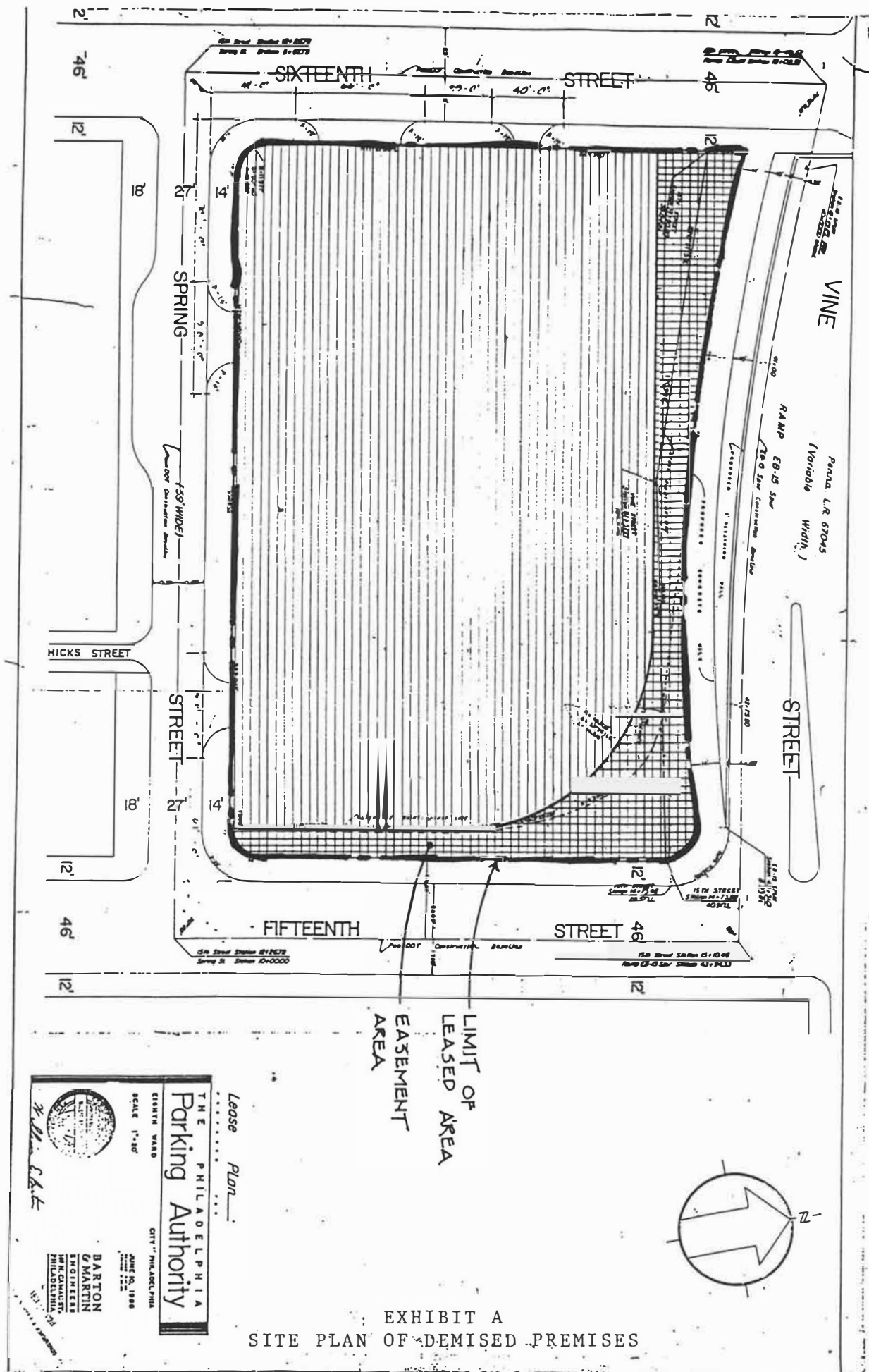


EXHIBIT A
SITE PLAN OF DEMISED PREMISES

Lease Plan

THE PHILADELPHIA Parking Authority

EIGHTH WARD
SCALE 1"=50'
CITY OF PHILADELPHIA

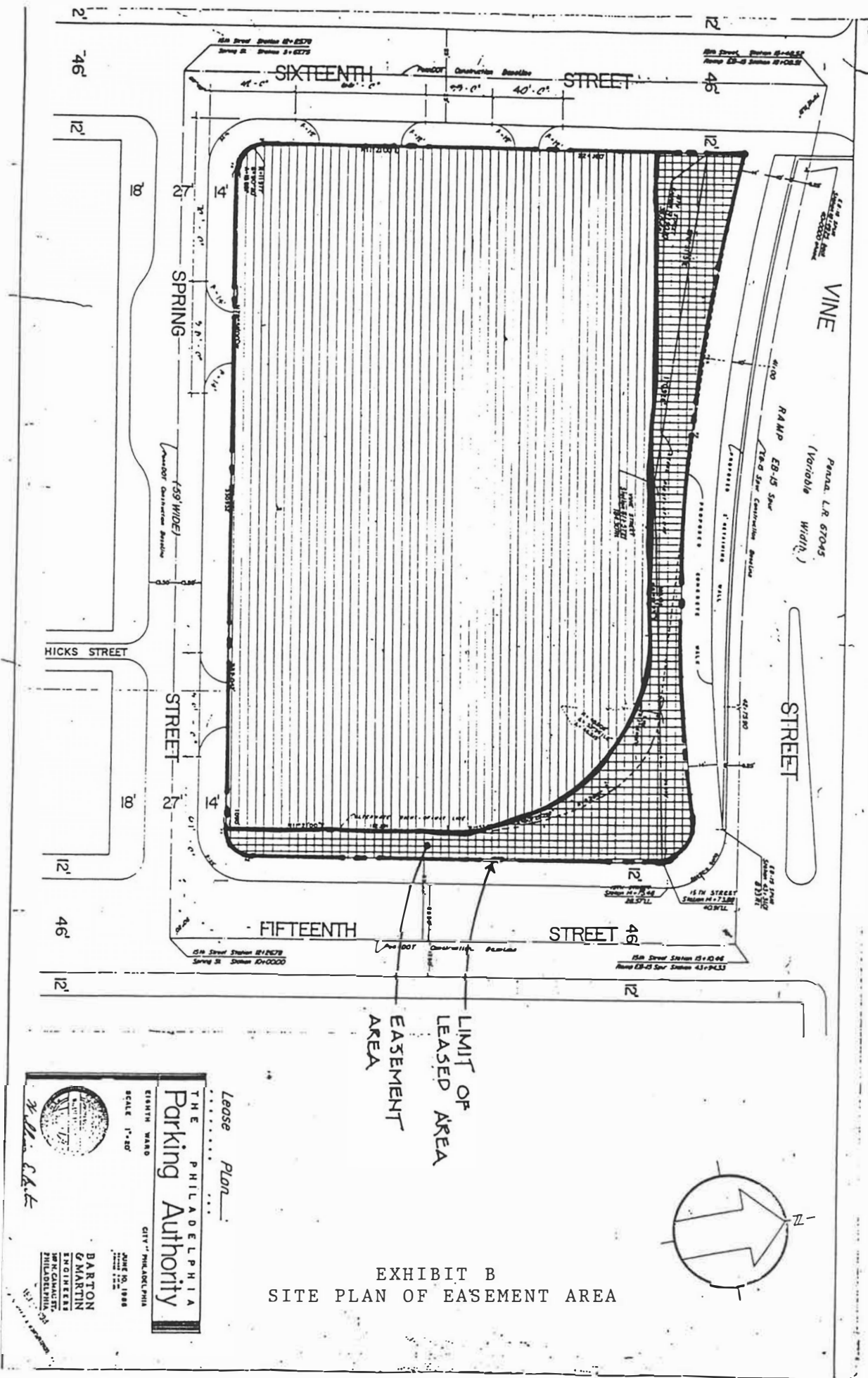
JUNE 10, 1988
BARTON & MARTIN
ENGINEERS
PHILADELPHIA

EXHIBIT A

LEGAL DESCRIPTION OF DEMISED PREMISES

{^}(To be supplied)

EXHIBIT B
SITE PLAN OF EASEMENT AREAS



LEGAL DESCRIPTION OF EASEMENT AREAS

(To be supplied)

EXHIBIT C

[INTENTIONALLY OMITTED.]

EXHIBIT D

PERMITTED EXCEPTIONS

1. Title to that portion of premises in bed of Hicks Street, 20 feet wide, Florist Street, 15 feet wide and Mole Street, 20 feet wide.
2. Title to that portion of premises lying in the bed of former Summer Street, 30 feet wide, stricken and vacated 9/17/79 to the center line thereof to the extent that premises 1508, 1528 to 1536, 1525, 1527 and 1529 Summer Street abuts thereon.
3. Subject to easements of Required Right of Way Lines for Limited Access, Required Right of Way Lines for city streets etc. and ramps as shown on Plan of the condemnation by the Commonwealth of Pennsylvania, Department of Transportation of Right of Way for Legislative Route 67045, Section 9A R/W filed with the Department of Records in Highway Plan Book 54 at pages 62 to 69.
4. Subject to easements of Required Right of Way Lines for Limited Access, Required Right of Way Lines for city streets etc. and ramps as shown on Plan of the condemnation by the Commonwealth of Pennsylvania, Department of Transportation of Fee Title underlying easements previously acquired for Legislative Route 67045, Section 9AF R/W filed with the Department of Records in Highway Plan Book 90 at pages 28 to 33.
5. Restrictions as set forth in Deed Books GS 1 page 35 and GS 1 page 38.

EXHIBIT E

MEMORANDUM OF LEASE

MEMORANDUM OF LEASE, made the _____ day of _____, 19__ by and between COMMONWEALTH OF PENNSYLVANIA acting by and through the DEPARTMENT OF TRANSPORTATION ("Landlord") and THE PHILADELPHIA PARKING AUTHORITY ("Tenant").

W I T N E S S E T H T H A T :

Landlord has demised and let and by these presents does hereby demise and let unto Tenant, and Tenant has let and by these presents does hereby lease from Landlord for the term and upon the covenants, terms and conditions set forth in that certain Lease dated _____, 19__ by and between Landlord and Tenant (the "Lease"), those certain premises as more fully described in Exhibit A, attached hereto and made a part hereof (the "Demised Premises").

The parties make this Memorandum pursuant to Act of the Commonwealth of Pennsylvania approved June 2, 1959, P.L. 454 in order that a memorandum of the "Lease" may be recorded in Philadelphia County, Pennsylvania as provided in said Act. The following is a correct statement of information with respect to such Lease and of provisions therein contained.

1. The name of Landlord is: COMMONWEALTH OF PENNSYLVANIA, acting by and through the DEPARTMENT OF TRANSPORTATION.

The address of Landlord which is also set forth in the Lease is: Engineering District 6-O, 200 Radnor-Chester Road, St. Davis, Pennsylvania 19087.

2. The name of the Tenant is: THE PHILADELPHIA PARKING AUTHORITY.

The address of the Tenant as set forth in the Lease is: Suite 800, Two Penn Center Plaza, Philadelphia, Pennsylvania 19102.

3. The date of the Lease is: _____, 19__.

4. A true and correct copy of the description of the Demised Premises as set forth in the Lease is attached hereto and made a part hereof as Exhibit A.

5. The date of the commencement of the term of the Lease is:

6. The Lease is for a term of Ninety-Nine (99) years.

7. The Lease does not grant to Tenant the right to extend or renew the Lease term.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease the day and year first above written.

LANDLORD:

COMMONWEALTH OF PENNSYLVANIA,
Acting by and through the
DEPARTMENT OF TRANSPORTATION

Attest: _____

By: _____
Title

TENANT:

THE PHILADELPHIA PARKING
AUTHORITY

Attest: _____
Title:
[Corporate Seal]

By: _____
Title:

COMMONWEALTH OF PENNSYLVANIA :
: ss
COUNTY OF :

ON THIS, the ____ day of _____, 19__, before
me, a Notary Public, the undersigned officer, personally appeared
_____, who acknowledged himself (herself) to be the
_____ of the DEPARTMENT OF TRANSPORTATION, OF THE
COMMONWEALTH OF PENNSYLVANIA, and that (s)he, as such
_____, being authorized so to do, executed the
foregoing instrument for the purposes therein contained by
signing on behalf of the COMMONWEALTH OF PENNSYLVANIA by himself
(herself) as such _____.

IN WITNESS WHEREOF, I have hereunto set my hand and
official seal.

Notary Public

My Commission Expires:

COMMONWEALTH OF PENNSYLVANIA :
COUNTY OF : SS
:

ON THIS, the ____ day of _____, 19__ before
me, a Notary Public, the undersigned officer, personally appeared
_____, who acknowledged himself
(herself) to be the _____ of THE
PHILADELPHIA PARKING AUTHORITY a body corporate and politic, and
that (s)he, as such officer, being authorized so to do, executed
the foregoing instrument for the purposes therein contained by
signing the name of THE PHILADELPHIA PARKING AUTHORITY by himself
(herself) as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and
official seal.

Notary Public

My Commission Expires:

EXHIBIT F

**SITE PLAN OF PORTION OF
VINE STREET EXPRESSWAY
ADJACENT TO DEMISED PREMISES**

EXHIBIT G
APPROVED PLANS

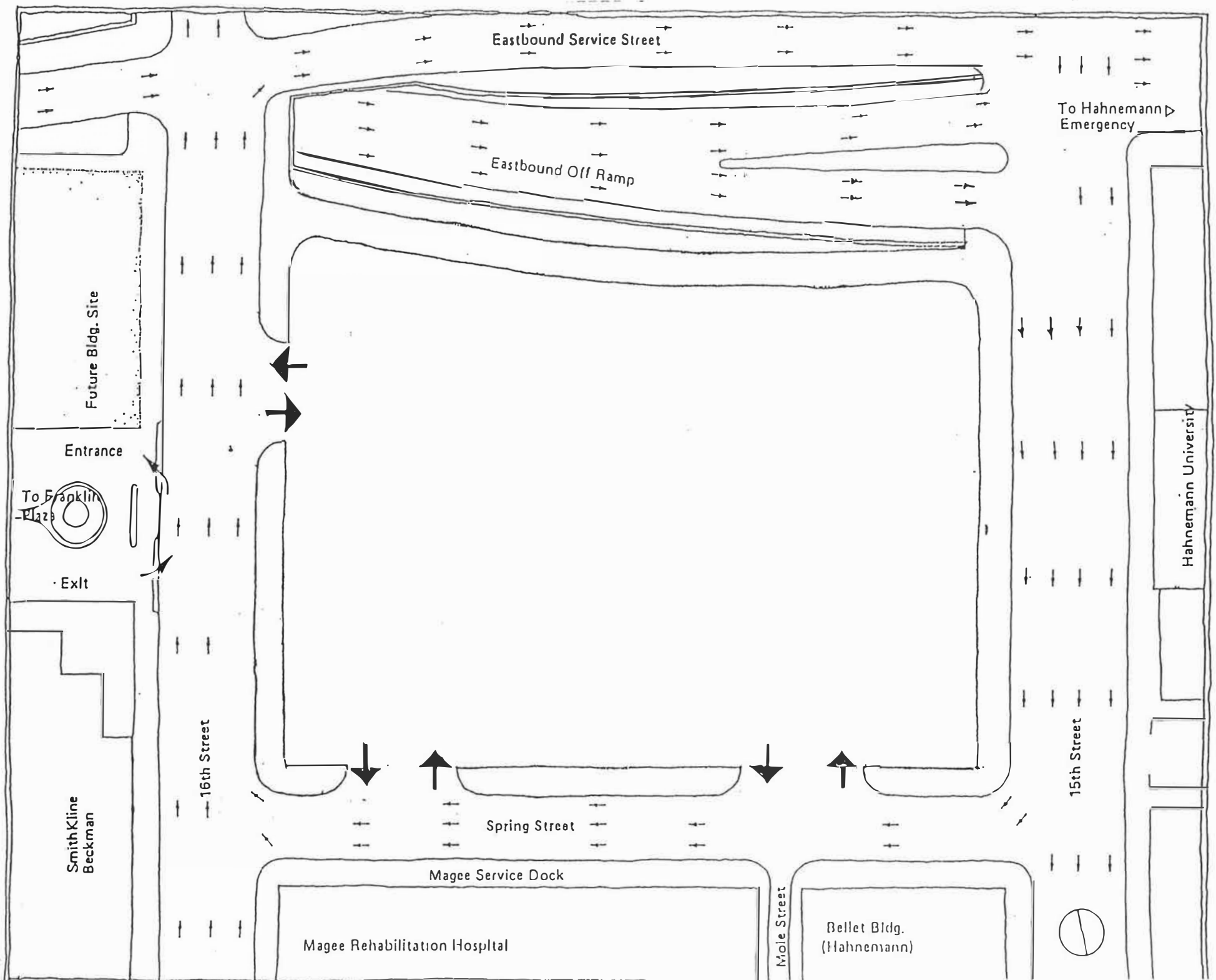


EXHIBIT H
AFFIRMATIVE ACTION REQUIREMENTS

[See Attached Forms]



FEDERAL NONDISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY CLAUSES (All Federal Aid Contracts)*

1. Selection of Labor:

During the performance of this contract, the contractor shall not discriminate against labor from any other State, possession or territory of the United States.

2. Employment Practices:

During the performance of this contract, the contractor agrees as follows:

a. The contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The contract will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoffs or termination; rates of pay or other forms of compensation; and ~~selection for training, including apprenticeship.~~ The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the State highway department setting forth the provisions of this nondiscrimination clause.

b. The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

c. The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided by the State highway department advising the said labor union or workers' representative of the contractors commitments under section 2 and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d. The contractor will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations (41 CFR, Part 60) and relevant orders of the Secretary of Labor.

e. The contractor will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records and accounts by the Federal Highway Administration and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

f. In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations or orders, this contract may be canceled, terminated or suspended in whole or part and the contractor may be declared ineligible for further Government contracts or Federally-assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

g. The contractor will include the provisions of Section 2 in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the State highway department or the Federal Highway Administration may direct as a means of enforcing such provisions including sanctions for noncompliance: *Provided, however,* that in the event a contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the Federal Highway Administration, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

3. Selection of Subcontractors, Procurement of Materials, and Leasing of Equipment:

During the performance of this contract, the contractor, for itself, its assignees and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

a. **Compliance With Regulations:** The contractor shall comply with the Regulations relative to nondiscrimination in federally-assisted programs of the Department of Transportation, Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time, (hereinafter referred to as the Regulations) which are herein incorporated by reference and made a part of this contract.

b. **Nondiscrimination:** The contractor, with regard to the work performed by it during the contract, shall not discriminate on the grounds of race, color, sex or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor shall not participate either directly or indirectly in the discrimination prohibited by section 21.5 of the Regulations, including employment

**Not to be used if otherwise included in Construction or Appalachian Contract Provisions.*

(over)

practices when the contract covers a program set forth in the Regulations.

c. Solicitations for Subcontracts, Including Procurements of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the contractor of the contractor's obligations under this contract and the Regulations relative to nondiscrimination on the grounds of race, color, sex or national origin.

d. Information and Reports: The contractor shall provide all information and reports required by the Regulations, or directives issued pursuant thereto, and shall permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the State highway department or the Federal Highway Administration to be pertinent to ascertain compliance with such Regulations or directives. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish this information the contractor shall so certify to the State highway department, or the Federal Highway Administration as appropriate, and shall set forth what efforts it has made to obtain the information.

e. Sanctions for Noncompliance: In the event of the contractor's noncompliance with the nondiscrimination provisions of this contract, the State highway department shall impose such contract sanctions as it or the Federal Highway Administration may determine to be appropriate, including, but not limited to:

(1) withholding of payments to the contractor under the contract until the contractor complies, and/or

(2) cancellation, termination or suspension of the contract, in whole or in part.

f. Incorporation of Provisions: The contractor shall include the provision of this paragraph 3 in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Regulations, or directives issued pursuant thereto. The contractor shall take such action with respect to any subcontractor or procurement as the State highway department or the Federal Highway Administration may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that, in the event a contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, the contractor may request the State highway department to enter into such litigation to protect the interests of the State, and, in addition, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

Wherever hereinabove the word "contractor" is used, it shall also include the word engineer, consultant, researcher, or other entity (governmental, corporate, or otherwise), its successors and assigns as may be appropriate.

COMMONWEALTH NONDISCRIMINATION CLAUSE (All Contracts)



During the term of this contract, Contractor agrees as follows:

1. Contractor shall not discriminate against any employee, applicant for employment, independent contractor, or any other person because of race, color, religious creed, ancestry, national origin, age, or sex. Contractor shall take affirmative action to insure that applicants are employed, and that employees or agents are treated during employment, without regard to their race, color, religious creed, ancestry, national origin, age, or sex. Such affirmative action shall include, but is not limited to: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training. Contractor shall post in conspicuous places, available to employees, agents, applicants for employment, and other persons, a notice to be provided by the contracting agency setting forth the provisions of this nondiscrimination clause.

2. Contractor shall, in advertisements or requests for employment placed by it or on its behalf, state that all qualified applicants will receive consideration for employment without regard to race, color, religious creed, ancestry, national origin, age, or sex.

3. Contractor shall send each labor union or workers' representative with which it has a collective bargaining agreement or other contract or understanding, a notice advising said labor union or workers' representative of its commitment to this nondiscrimination clause. Similar notice shall be sent to every other source of recruitment regularly utilized by Contractor.

4. It shall be no defense to a finding of non-compliance with this nondiscrimination clause that Contractor had delegated some of its employment practices to any union, training program, or other source of recruitment which prevents it from meeting its obligations. However, if the evidence indicates that the Contractor was not on notice of the third-party discrimination or made a good faith effort to correct it, such factor shall be considered in mitigation in determining appropriate sanctions.

5. Where the practices of a union or any training pro-

gram or other source of recruitment will result in the exclusion of minority group persons, so that Contractor will be unable to meet its obligations under this nondiscrimination clause, Contractor shall then employ and fill vacancies through other nondiscriminatory employment procedures.

6. Contractor shall comply with all state and federal laws prohibiting discrimination in hiring or employment opportunities. In the event of Contractor's non-compliance with the nondiscrimination clause of this contract or with any such laws, this contract may be terminated or suspended, in whole or in part, and Contractor may be declared temporarily ineligible for further Commonwealth contracts, and other sanctions may be imposed and remedies invoked.

7. Contractor shall furnish all necessary employment documents and records to, and permit access to its books, records, and accounts by, the contracting agency and the Office of Administration, Bureau of Affirmative Action, for purposes of investigation to ascertain compliance with the provisions of this clause. If Contractor does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by the contracting agency or the Bureau of Affirmative Action.

8. Contractor shall actively recruit minority subcontractors or subcontractors with substantial minority representation among their employees.

9. Contractor shall include the provisions of this nondiscrimination clause in every subcontract, so that such provisions will be binding upon each Subcontractor.

10. Contractor obligations under this clause are limited to the Contractor's facilities within Pennsylvania or, where the contract is for purchase of goods manufactured outside of Pennsylvania, the facilities at which such goods are actually produced.

EXHIBIT I
COMMONWEALTH'S INTEGRITY PROVISIONS

[See Attached Forms]

CONTRACTOR INTEGRITY PROVISIONS

1. Definitions.

a. Confidential information means information that is not public knowledge, or available to the public on request, disclosure of which would give an unfair, unethical, or illegal advantage to another desiring to contract with the Commonwealth.

b. Consent means written permission signed by a duly authorized officer or employee of the Commonwealth, provided that where the material facts have been disclosed, in writing, by prequalification, bid, proposal, or contractual terms, the Commonwealth shall be deemed to have consented by virtue of execution of this agreement.

c. Contractor means the individual or entity that has entered into this agreement with the Commonwealth, including directors, officers, partners, managers, key employees, and owners of more than a 5% interest.

d. Financial Interest means:

(1) ownership of more than a 5% interest in any business; or

(2) holding a position as an officer, director, trustee, partner, employee, or the like, or holding any position of management.

e. Gratuity means any payment of more than nominal monetary value in the form of cash, travel, entertainment, gifts, meals, lodging, loans, subscriptions, advances, deposits of money, services, employment, or contracts of any kind.

2. The contractor shall maintain the highest standards of integrity in the performance of this agreement and shall take no action in violation of state or federal laws, regulations, or other requirements that govern contracting with the Commonwealth.

3. The contractor shall not disclose to others any confidential information gained by virtue of this agreement.

4. The contractor shall not, in connection with this or any other agreement with the Commonwealth, directly or indirectly, offer, confer, or agree to confer any pecuniary benefit on anyone as consideration for the decision, opinion, recommendation, vote, other exercise of discretion, or violation of a known legal duty by any officer or employee of the Commonwealth.

5. The contractor shall not, in connection with this or any other agreement with the Commonwealth, directly or indirectly, offer, give, or agree or promise to give to anyone any gratuity for the benefit of or at the direction or request of any officer or employee of the Commonwealth.

6. Except with the consent of the Commonwealth, neither the contractor nor anyone in privity with him shall accept or agree to accept from, or give or agree to give to, any person, any gratuity from any person in connection with the performance of work under this agreement except as provided therein.

7. Except with the consent of the Commonwealth, the contractor shall not have a financial interest in any other contractor, subcontractor, or supplier providing services, labor, or material on this project.

8. The contractor, upon being informed that any violation of these provisions has occurred or may occur, shall immediately notify the Commonwealth in writing.

9. The contractor, by execution of this agreement and by the submission of any bills or invoices for payment pursuant thereto, certifies and represents that he has not violated any of these provisions.

10. The contractor shall, upon request of the Office of State Inspector General, reasonably and promptly make available to that office and its representatives, for inspection and copying, all business and financial records of the contractor of, concerning, and referring to this agreement with the Commonwealth or which are otherwise relevant to the enforcement of these provisions.

11. For violation of any of the above provisions, the Commonwealth may terminate this and any other agreement with the contractor, claim liquidated damages in an amount equal to the value of anything received in breach of these provisions, claim damages for all expenses incurred in obtaining another contractor to complete performance hereunder, and debar and suspend the contractor from doing business with the Commonwealth. These rights and remedies are cumulative, and the use or nonuse of any one shall not preclude the use of all or any other. These rights and remedies are in addition to those the Commonwealth may have under law, statute, regulation, or otherwise.